

COMMERCE
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Magazine

Small Shippers' Plight

Meet the Labor Press

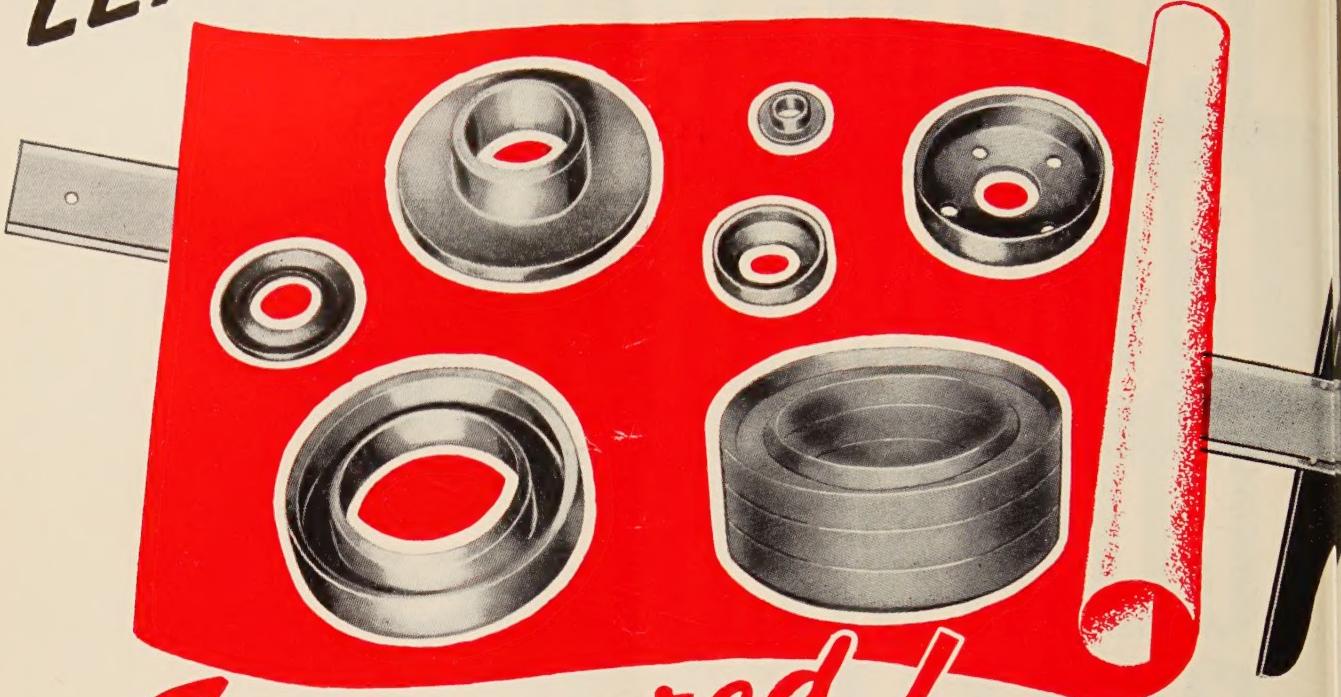
Canada Looks West

How to Cut the Budget

Defense Pool Breakdown

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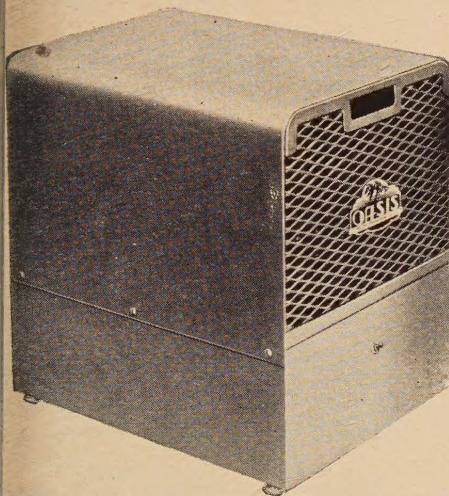
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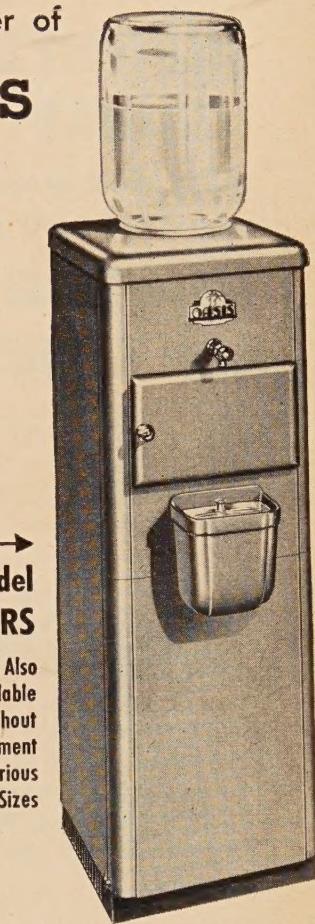
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Chicago Business

	May, 1952	April, 1952	May, 1951
Building permits	768	861	
Cost	\$ 16,518,800	\$ 17,784,100	\$ 27,124,900
Contracts awarded on building projects,			
Cook Co.	1,703	1,748	1,748
Cost	\$ 47,416,000	\$ 51,816,000	\$ 44,779,000
(F. W. Dodge Corp.)			
Real estate transfers	6,652	6,679	7,700
Consideration	\$ 5,272,903	\$ 5,299,516	\$ 6,401,100
Department store sales index	99.9*	93.0	100.0
(Federal Reserve Board)			
(Daily average 1947-49 = 100)			
Bank clearings	\$ 3,797,122,029	\$ 3,674,856,715	\$ 3,996,171,100
Bank debits to individual accounts:			
7th Federal Reserve District	\$ 19,824,251,000	\$ 19,871,995,000	\$ 20,117,362,200
Chicago only	\$ 9,950,473,000	\$ 9,971,418,000	\$ 10,099,589,400
(Federal Reserve Board)			
Railway express shipments, Chicago area	985,306	1,037,074	911,100
Air express shipments, Chicago area	53,704	57,036	56,500
L.C.L. merchandise cars	19,519	19,421	20,100
Electric power production, kwh	1,177,300,000	1,190,202,000	1,148,800,000
Industrial gas sales, therms	13,502,572	11,606,355	10,464,000
Revenue passengers carried by Chicago Transit Authority lines:			
Surface division	45,598,192	45,647,186	52,204,000
Rapid transit division	12,947,399	13,123,466	12,791,400
Postal receipts	\$ 10,606,312	\$ 10,582,218	\$ 9,850,700
Air passengers:			
Arrivals	226,678	220,349	201,500
Departures	230,308	224,715	208,000
Consumers' Price Index (1935-39 = 100)	194.7	193.1	188.0
Receipts of salable livestock	373,235	422,129	359,800
Families on relief rolls:			
Cook County	19,873	20,419	23,100
Other Illinois counties	12,472	13,698	14,800

*Preliminary figure.

August, 1952, Tax Calendar

Date Due	Tax	Returnable to
1	Franchise Tax becomes delinquent and penalties of 1% per month begin to accrue	Secretary of State
15	If total O.A.B. taxes (employer and employee) plus income tax withheld in previous month exceeds \$100, pay amount to	Authorized Depositor
15	Illinois Retailers' Occupation Tax return and payment for month of July	Director of Revenue
31	Federal Excise Tax return and payment due for July, 1952	Collector of Internal Revenue

COMMERCE

Magazine

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July, 1952

Volume 49

Number 6

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**in this
issue . . .**

Many a wise businessman makes it a habit to read what his workers are reading in their union newspapers and periodicals. Unfortunately, such businessmen are far in the minority and, as a result, most industrial executives know very little about the labor press. Well, just what do these 800 papers and periodicals have to say about the state of the nation? Who reads them? Do they dispense pure propaganda or do they, as labor editors steadfastly contend, "tell the side of the news the commercial press omits"? After searching for the answers to these pertinent questions, Betty Savesky comes up with an analysis of the labor press (p. 13) that deserves the attention of all executives.

• • •

Among other revolutions that have been quietly taking place in the United States these days, there has been a revolution in transportation. Intense competition between various carriers has replaced what was once a virtual monopoly on the part of the railroads. This revolution has radically changed the pattern of freight rates and, in the process, has borne down the heaviest on the small shipper. Arthur H. Schwietert, traffic director of the Chicago Association of Commerce and Industry, discusses (p. 16) "The Sad Plight of the Small Shipper" — and what he can do about it.

• • •

Since the war Canada's picturesque west coast has undergone one of the biggest industrial booms in history. Millions in U.S. capital have poured into new industries in the area. James Montagnes reports on the phenomenon (p. 20) and what it means to the future of Canada.

• • •

One of our most militant advocates of government economy, Senator Harry F. Byrd, tells in COMMERCE's Speech of the Month (p. 18) exactly what he believes must be done to cut back federal budget. Jack Robins reports (p. 19) upon Congressional efforts to get production pools rolling again, as they did in the last war, as a means of spreading defense work among smaller business concerns.



Alan Sturdy, Editor • Gordon Rice, Advertising Manager • Lewis A. Riley, Associate Editor

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CHICAGO BUSINESS MUST ACT NOW !

"Not just now — maybe later!" is sometimes the reply of a business man when he is invited to avail himself of the benefits of membership in the Chicago Association of Commerce and Industry.

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It's not a job for a select few. It's everybody's job! The business man who lets others work to make his own business or profession grow and prosper **and doesn't join the Association of Commerce** is letting down the team working for Chicago and the Chicago area. Why not get into the game?

Remember! Other cities and other chambers of commerce are acting NOW. They're competing for our industries, our trade territory, our transportation advantages. And they're fighting for more housing, better highways, better government and for anything else which will make their communities better places in which to live and do business.

Those of us who have our businesses in this community find the Association essential to the well-being of our own companies and of Chicago.

Join us now in this vital work. Write or telephone today for your membership application card. No one will benefit more than yourself.

**THE MEMBERS, OFFICERS AND DIRECTORS of
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The Editor's Page

The Main Job In Chicago

he eyes of the world are upon Chicago this month, as it plays host to many of the world's most important people. It is easy to lapse into cliches when speaking of our national political conventions and certainly before the month is out Americans will have wearied of hearing of "smoke-filled rooms" and political hi-jinks" and "spontaneous demonstrations." There is no point in denying that the nominating conventions are spectacular political shows, but fundamentally the delegates who journey to Chicago this month face the gravest responsibility that ever rests upon free and democratic citizens. Their basic task is to select their nominee for the world's most important and difficult job.

Whoever the next President may be, he will be called upon to cope with some of the most complex problems that ever faced a Chief Executive. He will inherit international problems of staggering dimensions. A totally unpopular war in Korea will remain to be resolved, but the solution to this problem will be only part of a far broader problem, that of shaping a foreign policy to guide this nation safely through a period of intense international hostility. What is to be our long-term policy toward the Communist world? What is to be our long-term policy of economic aid to our allies abroad — many of whom have little respect for us despite our enormous gifts?

The domestic problems awaiting the next President are no less critical. The federal budget has reached such a lofty level that it frightens every thinking citizen. The national debt is rapidly approaching the \$275 billion legal ceiling, while taxes are corroding the very spirit of free enterprise upon which our nation was erected. Business, upon which our welfare depends, is apprehensive of the future; the boom has run out and maintaining a prosperous economy at home may be very difficult. With these momentous problems our next President must immediately come to grips — along with such matters as equitable labor and agricultural policies, "centralized government" and a gargantuan bureaucracy.

Chicago, the world's most hospitable city, welcomes its distinguished guests. It wishes them inspiration and foresight to select the most capable man their respective parties offer for the difficult years ahead.

The Biased Umpire!

A short time ago the Secretary of Labor spoke at a steelworkers' convention. He said, "I don't feel any obligation to be impartial . . . I have stood heart and soul and spirit behind the United Steelworkers." The inescapable inference is that he was 100 per cent against management in the steel labor controversy.

Suppose that a cabinet member or other top man in government spoke before a meeting of business executives and said something like this, "I don't feel

any obligation to be impartial. In your disputes with labor, I am 100 per cent on your side and 100 per cent against the workers and their unions." The official would be out of a job in a hurry!

People in government have attitudes and prejudices like all the rest of us. But when a high official says that he feels no obligation to be as impartial as he can in considering questions which affect every person in this country and the national welfare and security, every American principle of fair play and honest dealing is violated. One of the basic reasons for the existence of government is to prevent one group from destroying the rights of other groups — and to effect a reasonable balance between conflicting policies and ideas. Government's duty is to be an umpire — not a pleader for special interests.

We have come a long and sorry way from this all-important principle. If we go far enough, we will destroy freedom and democratic government itself.

How Long MSA?

The Chamber of Commerce of the United States has developed some interesting facts about the Mutual Security Program which Congress has thus far largely ignored. Ultimately, however, they must be faced.

Former ECA Administrator Paul Hoffman had said that when industrial production of Western European nations reached 125 per cent of the prewar 1938 levels, they would have reached "a healthy economy independent of extraordinary outside assistance."

This goal was reached in 1949. The industrial production average for countries in the North Atlantic Treaty Organization is now 145 per cent of 1938 production, according to the U. S. Chamber. Other countries receiving MSA funds are producing at the rate of 135 per cent of 1938.

MSA calls the economic aid it is now sending to these countries "defense support." However, military expenditures of the NATO countries (at 1951-52 prices) have been estimated at the equivalent of \$5.8 billion in 1949-50; \$7.3 billion in 1950-51; estimated at \$9.5 billion for 1951-52 and are expected to rise to \$11.8 billion in 1952-53.

This means that from fiscal 1950 to fiscal 1952, the increase in NATO military outlays has been only \$3.7 billion. During the same time, their total output of goods and services went up by \$10 billion. These figures indicate that our NATO allies could have increased their military outlays very substantially and still not have fallen below "a healthy economy independent of extraordinary outside assistance."

Alan Sturdy

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Here...There... and Everywhere

• **Deferred Pay Raise**—A plan that gives an executive a pay raise now—payable after retirement—has been worked out by a number of companies to their own and to their executives' tax advantage. Commerce Clearing House reports that under the "deferred compensation" plan, a company uses the net cost of a salary increase to purchase an endowment policy for an already highly paid executive. Thus the company pays the premiums out of funds representing the net cost after tax deductions of a contemplated salary increase, while the executive escapes high bracket tax rates on his raise during his peak earning years.

• **Medical Stockpile**—The Federal Civil Defense Administration, which has been building an emergency stockpile of medical supplies, placed the first domestic order last month for a synthetic "blood extender." The contract for 1.2 million pints of PVP-Macrose was awarded to Schenley Laboratories, Inc., of Lawrenceburg, Ind. PVP-Macrose was discovered in Germany in 1939 and used to treat half a million war casualties. In the event of a major air attack, civilian defense workers could use the "extender" to save lives until blood and plasma became available.

• **Defense Guide**—A 35-page "Directory of Federal and Local Defense Agencies" listing the Washington and/or Chicago addresses of 32 emergency agencies and 30 purchasing offices, together with their local phone numbers, names and titles of chief officers and a description of their specific functions, has been published by the Chicago Association of Commerce and Industry. A revised edition of an early directory, the valuable booklet is available, free of charge, upon request to

Commerce Magazine, Dept. GB3
N. La Salle Street, Chicago 2, Ill.

• **Southern Trend**—Latin America has become the major overseas market for U. S. motor vehicles since the end of the war, according to the Automobile Manufacturers Association. Last year, the 33 countries of Central and South America accounted for 253,061, or 58 per cent, of the 434,659 motor vehicles exported by U. S. manufacturers. Four of the countries, Brazil, Mexico, Venezuela and Cuba, received 180,550 units, or 42 per cent, of all cars, trucks and buses shipped overseas last year. Before the war the biggest customers for our trucks were India, Belgium, Hong Kong and South Africa, and for our autos, Canada, South Africa, Argentina and Brazil.

• **Banking Milestone**—If you're looking around for someone to loan you a million dollars, there's one more Chicago bank that can stake you to that much currency. The American National Bank and Trust Company last month became Chicago's sixth bank authorized to make million dollar loans. This occurred when the bank's directors transferred \$1 million from undivided profits to surplus, bringing total capital and surplus to \$10 million. Commercial loans of a national bank to a single borrower are limited to 10 per cent of its capital and surplus.

• **Handling Device**—A "simplified micromanipulator recently developed by a Portland Cement Association scientist working at the National Bureau of Standards is reported to combine moderately high precision with simplicity, ruggedness and low cost. Now being used with a binocular microscope to facilitate the mounting and grinding

(Continued on page 41)

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Trends . . . in Finance and Business



- **Layoff Reserves Up**—Reserves available for unemployment insurance benefits reached an all-time high of \$7.8 billion at the close of 1951, according to a National Industrial Conference Board study. This, the board notes, would be enough to meet the average annual postwar cost rate for five and a half years. With the single exception of Rhode Island, every state as well as the District of Columbia, Alaska and Hawaii showed a net gain during the past year in funds available for benefits.

In fact, the board notes, reserves in 19 states now are high enough to finance benefits at their 1946-50 average annual cost rate for at least 10 years, and in an additional 22 states for at least five years. Although postwar experience may not be completely reliable as a measure of relative adequacy of the various state funds to meet future costs, the board believes it is the best yardstick available, short of intensive financing studies on a state-by-state basis.

While the years 1946-50 were generally prosperous, they included both a period of reconversion unemployment and of business recession. Nationally, insured unemployment as a percentage of covered employment was about seven per cent in 1946 and 1949 and this ratio exceeded 15 per cent in several states.

- **Automobile Facts**—Nearly 17 million autos operating in the nation today are nine years old or older. Their average speedometer reading is a hefty 73,020 miles. These are two in a series of capsule facts contained in a new booklet, "The Work Cars Do," published by

the Automobile Manufacturers Association.

Drawing upon the results of a recent national survey, sponsored by the association to find out just how U. S. citizens use automobiles, the booklet points out:

Fifty-nine million adults use motor cars daily in the U. S. Nearly 70 per cent of the typical motorist's driving is for necessary purposes such as going to work and shopping. Over half of all employed persons use passenger cars for earning a living. Nearly 80 per cent of those using cars to go to work do so five days a week or more. Worn out automobiles are being taken off the road and scrapped at nearly twice the rate of prewar years. A total of 3,700,000 were junked in 1950. Production and distribution of auto accounts for over one million jobs!!

"Despite such evidence of the essentiality of motor vehicles," the association contends, "many government officials continue to classify and tax cars, trucks, buses and highway transportation generally with such items as costume jewelry, tobacco and alcohol."

- **Mortgage Outlook**—President Joseph M. Mozeris of the Cook County Council of Insured Savings Associations predicts that all types of lenders will advance about \$50 million a month until October in small home loans of \$20,000 or less on Cook County property. "Savings and loan associations provide more than half of the mortgage money loaned each month to buyers of small homes," he adds. "Their lending volume until October is expected to be around \$27 million per month. In April the volume was \$27,541,000 on Cook County homes."

Mozeris points out that according to Federal Home Loan Bank of Chicago figures for May, 181 savings and loan associations advanced \$26,8,643 to 2,891 people. Banks made 7 mortgages totaling \$5,377,682, and insurance companies loaned \$1,5,841 on 101 mortgages. Other financial agencies made 608 mortgages for \$5,905,758 and 928 mortgages were made by individuals for 1,891,707. Another 15.7 per cent of the mortgage volume represented by 050 mortgages recorded in May did not disclose the source of the loan.

Cash in the Pocket—Americans have been carrying bigger bankrolls since the war—or perhaps have been stashing more currency in the mattress—than ever before in history. The total of currency now outside the banking system is equivalent to around \$400 for every member of the working population, including the armed forces. The comparable figure in 1939 was only \$115, while through the prosperous twenties the total currency in circulation outside banks was never more than the equivalent of \$100 for every person in the working population.

What makes this expansion all the more unusual is that an increasingly large part of the money in circulation consists of bills of denominations that most people would not ordinarily use in every-day transactions. For example, bills of \$20 and more now make up more than three-fifths of all the cash outstanding, as against less than half before the war. And \$100 bills alone, of which there are more than \$5 billion now outstanding, represent nearly one-fifth of the total money in circulation.

Cash in circulation has also increased considerably more proportionately than have bank deposits. The total of currency outside banks is now the equivalent of around one-seventh of all bank deposits in the nation, including savings accounts and postal savings, a ratio nearly half again as great as prevailed before World War II.

Debt-Free Firms—Fifty-two companies listed on the New York Stock Exchange are unique in two ways: None has any funded debt and each

(Continued on page 39)

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State Edition



Here's what your workers are reading

By BETTY SAVESKY

**Meet the labor press: 800 papers and periodicals that
are hard-hitting, powerful and single-minded in their purpose**

HOW MANY of you are familiar with or regularly see the union newspapers that our employes read?"

When this question was posed at convention of 100 company presidents last March, considerably less than half the audience raised their hands. The speaker had hit upon conspicuous management blind spot. Too many business men are aware of the scope and influence of the labor press, and too many are inclined to dismiss union periodicals as mere "propaganda" sheets.

Today's labor press is a hard-hitting opinion builder. It is an articulate force of 800 union weeklies, semi-monthlies and monthly publications with a combined circulation estimated by the unions at 10,000,000. While some are local periodicals resembling country weeklies, an ever-increasing number of labor journals are slick, thoroughly professional and capably written.

Admittedly dedicated to labor's cause, they present all news — from consumer buying hints to politics — from labor's viewpoint. They name labor's friends in local, state and national politics and wage a ceaseless battle to get out the vote — for labor's friends.

The best of the labor press is

colorful and dramatic, and apt to make a tired businessman reach for the aspirin. But, like the general press, labor has its mediocre and inferior periodicals. If they have one constant trait; it is that they share the same whipping boys. The favorites are "Big Business," Congress, "G.O.P. Reactionaries," Dixiecrats, the National Association of Manufacturers, the American Medical Association, Senator Taft and Senator McCarthy.

Hammering Headlines!

These headlines from the May 7, 1952, AFL News-Report, a national weekly published in Washington and used as a clip sheet by local labor editors, are more or less typical. "Big Business Wants President It Can Control"; "Idiot Means Non-voter"; "CC Accused of Hiding MSA Facts" (translation: the U. S. Chamber of Commerce creates misunderstanding about Mutual Security Program); "NAM Propaganda" (an editorial charging that the National Association of Manufacturers is leading the fight of big business against price controls).

Illinois Labor, a tabloid CIO monthly, recently served up these headlines: "Steel Bosses Trying To Hijack Uncle Sam"; "Taft and Byrd Medical Association 'Darlings'";

Dixiegops Win: Bill To End Senate Filibusters Killed."

Labor, a national weekly newspaper sponsored by the rail unions had these headlines in its May 31, 1952, issue: "Taft Maps New Anti-Labor Bills"; "Bar Association Admits Lawyers Are Partners of Criminals"; "Power and Gas Lobbies Are Out To Murder Buchanan"; "Consumers Counter-Attack Against Power Trust"; "Monopolists Handy Man Is Put In Another Key Spot." The lead editorial carried this heading "Doctors Confess — Don't Be Fooled by Propaganda of 'Medical Business Men'."

Despite the barbed headlines, much of the labor press is devoted to non-controversial topics, reports on union activities, and advice to the working man on how to fill out an income tax report or take a low-cost vacation.

In content and technical quality, the labor press has come a long way from the 400 to 500 labor newspapers, with a claimed circulation of 10,000,000 in the 'thirties. Monthly magazines like the Machinists Monthly Journal, the Bakers and Confectioners Journal, the International Teamster, the Butcher Workman, and the AFL's American Federationist compare favorably in appearance and editorial quality with business trade magazines.

The leading national weeklies

and twice monthly newspapers like CIO News, the Machinist Weekly, United Mine Workers Journal, the Packinghouse Worker, Steel Labor, United Rubber Worker and Labor are workmanlike tabloids with a wide variety of general as well as labor features. Their pages are seasoned with comic strips, cartoons, recipes, "cheesecake" art and crossword puzzles.

National in scope, these publications long ago achieved mass distribution. International Teamster has a monthly circulation of 1,250,000; Labor a weekly circulation of 750,000; the Machinist goes to 700,000 readers each week; Butcher Workman's monthly circulation is 200,000; Advance, official organ of the Amalgamated Clothing Workers of America, CIO, reaches 375,000 and

the United Steelworkers' Steel Labor puts its circulation at 1,110,611.

None of the national labor publications carry advertising. Periodicals like the American Federationist, CIO News and Labor depend upon subscriptions for their financing. The official organs of the international organizations in the various industries are supported by the unions and sent to members in good standing.

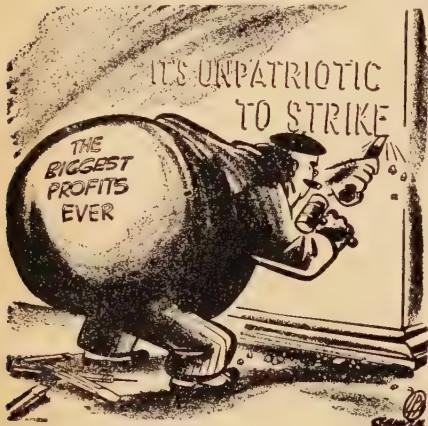
Many Labor Dailies

Of almost equal importance and effectiveness in reaching and influencing readers are the many crusading city and state newspapers. They carry all the advertising they can get, including political advertising, but they have to be subsi-

dized from union funds. Some have a small subscription charge while others are distributed free.

Virtually every metropolitan area in the country has either one or two labor papers and many small towns support a labor press. The CIO apparently prefers state-wide tabloid papers like Illinois Labor, Minnesota Labor and the Michigan CIO News. The AFL works at the local level with publications like Chicago's Federation News, the Detroit Labor News and the St. Louis Labor Tribune.

In several cities big labor competes. In Cleveland the Union Leader speaks for the CIO, while the Cleveland Citizen, which claims to be America's oldest labor paper, is now in its 62nd year as the voice of the AFL. In Cincinnati, t



"They get a two-minute rest period on alternate Fridays and national holidays."

Cartoon sources: (top left) Michigan CIO News; (bottom left) The Machinist; (above) The Union Leader, published by mine-mill and smelter workers.

's Cincinnati Sun, a tabloid, with the full-size AFL Chronicle.

because local labor papers operate on limited budgets, they rely on AFL and CIO clippings coverage of other than local news, and they usually subscribe to one of two national labor news services. The chief news-gathering agency, a cooperative effort of the AFL, CIO and the Independent Unions, is Labor Press Association with headquarters in Washington D.C. Correspondents in major cities feed news, features, columns and cartoons to several hundred

publications. The press association was formed in 1949 to offer union editors an alternative to the leftish Federated Press of New York.

Who's Misleading?

The labor press has become accustomed to being called biased and misleading. The average labor editor, on the other hand, devoutly believes that the general press is equally biased and misleading — its sympathies lying, according to the argument, with advertisers, which means "business." Typical of the labor press attitude is the slogan

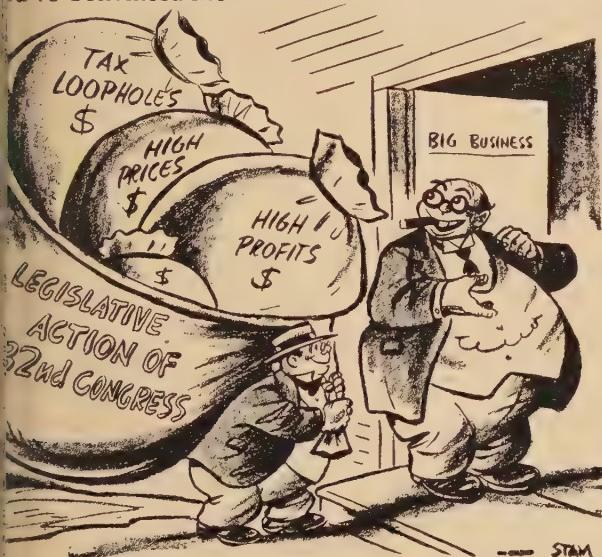
of the Detroit Labor News, on its masthead, "The Side of the News the Dailies Refuse."

Labor papers make little pretense of being objective. Ruben Levin, acting editor of the Railroad Brotherhood's Labor, once said, "Any labor paper should, by its very nature, crusade on civic issues and on issues concerning the labor movement . . . Since the (labor) movement must still in many areas fight for its life, the labor press must lead the battle and pass the ammunition."

Gordon Cole, editor of the Ma-

(Continued on page 26)

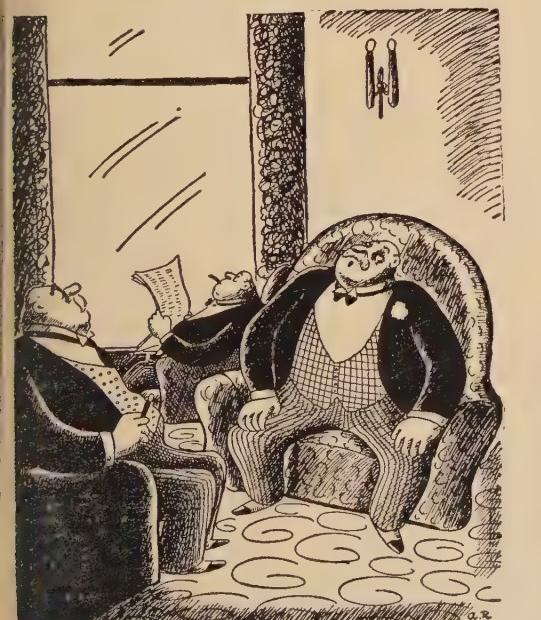
"You've Convinced Me—You're REALLY Santa Clause!"



This Little Pig Never Got to Market!



Clearing the Field for Communism



"We'll just have to sit tight and save the nation from the horrors of another wage increase."

Sources: (top left) Cincinnati (AFL) Chronicle; (top right) United Mine Workers Journal; (bottom left) The Union; (bottom right) AFL News-Re-



order.



The Sad Plight of the Small Shipper

The small shipper is paying steadily higher rates—here's what he can do about it

by Arthur H. Schwiete

REVOLUTIONARY changes have been taking place in transportation. Freight rates have been readjusted with such frequency that it is impossible to predict for even a short period ahead what charges and services are likely to be. A decade ago changes in rates and services were gradual. General increases were few and made only after long and careful investigation, during which time one could predict at least the approximate change likely to take place. Today the traffic manager cannot tell the executives of his company what the transportation charges are likely to be six months from now.

Why has such an unsettled condition in transportation developed? The answer involves a bit of history.

For years the railroads were our primary means of transportation. During the past 30 years, however, competing carriers of persons and

property have experienced extraordinary growth. They are, of course, the motor vehicle, the airplane, the pipe line, and the waterborne carrier — the latter, although one of the oldest methods of transportation, having gained in importance with the improvement of inland waterways. Thus, in 30 years a practical monopoly on the part of the railroads has been replaced by a highly competitive transportation system.

Monopoly Policy

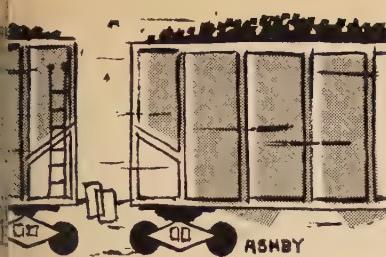
During this same period changes in national transportation policy and changes in our regulatory practices and rate structures have simply not kept pace with these changed conditions. The result is a promotional and regulatory policy of government based on a monopoly which does not fit the new and highly competitive transportation system.

Furthermore, this transportation revolution has greatly aggravated the small shipments problem. The unprecedented increases in charges

on such shipments during the past few years can be traced to two major causes: first, the development of competing forms of transportation and, second, increasing labor and materials costs which, from the carriers' viewpoint, have made the cost of terminal services rise more rapidly than the cost of line-haul or over-the-road services.

While competition is doubtless the best means by which to maintain the best service at the lowest cost, the development of intensive transportation competition has in no means benefited the small shipper. Under a monopolistic transportation system the burden of cost can be placed on the type of traffic which can best afford it. Under a competitive system, each class of traffic must largely pay its own way. The value-of-service theory upon which rates were historically established cannot be successfully applied today.

This concept of making rates have been gradually changing under the new competitive system. It seems entirely possible that in the future



sume relatively greater increases in rates and charges than other less-than-carload or less-than-truckload traffic.

If anyone doubts the importance of small shipments to the carriers, they have only to refer to the sixtieth annual report of the Interstate Commerce Commission. It declares, on the basis of available information, that well over 1.5 billion small shipments, weighing over 20 million tons, were handled by all transportation agencies, including parcel post, in 1945. In other words, over five million small shipments every working day of the year!

will constitute a minor rather than a major role in rate-making. In discussing changes in classification ratings during the General Rate Investigation, the railroads stated that when they had a virtual monopoly the principle then the greatest consideration was quality of service, but with the development of competition less weight has been given the element of value and weight density is now the dominant factor in determining proper classification ratings. To the extent, therefore, that the charges on small shipments, on low-rated commodities and on short-haul traffic have failed to pay their full share of the transportation burden, they must as-

After a 1946 investigation of the small shipments problem, an ICC examiner reported, "Even allowing for some overstatement of costs, it is clear that the revenue on this traffic fails to cover out-of-pocket costs in all territories, particularly for short hauls." He added that the out-of-pocket cost of handling a shipment weighing 100 pounds exceeds \$1.60; for a shipment weighing from 100 to 150 pounds it exceeds \$2.00 and for a shipment weighing from 150 to 300 pounds it exceeds \$2.70.

The table on page 17 indicates the serious effect upon small shipments of rate increases since 1946. On January 1, 1949, parcel post rates on the average were increased approximately 28.7 per cent, and again on October 1, 1951, they were further increased by approximately 26.18 per cent.

Now it can be seen from the table that the charges on a 20 pound parcel post package from Chicago to South Bend, Ind., rose from 30 cents to 63 cents, or 110 per cent. The lowest increase, 27 per cent, occurred on a 20 pound shipment to San Francisco. Effective January 1, 1952, both size and weight limitations on parcel post

(Continued on page 44)

The Rising Cost of Small Shipments via Different Modes of Transportation since 1946

m cago to:	Weight of shipment	Parcel Post				First Class Railway Express				First Class Railroad				First Class Motor Truck			
		June 30, 1946		Today	Increase	June 30, 1946		Today	Increase	June 30, 1946		Today	Increase	June 30, 1946		Today	Increase
		M	\$			M\$.35	M\$	1.56	M	.59	M	2.30	M	1.05	M\$	2.78
South Bend, Ind. (3 miles)	1 lb.	.09	\$.17	89%		M\$.35	M\$ 1.56	346%	M\$.59	M\$ 2.30	290%	M\$ 1.05	M\$ 2.78	M	2.78	165%	
	20 lb.	.30	.63	110%		.48	1.66	246%	M .59	M 2.30	290%	M 1.05	M 2.78	M	2.78	165%	
	70 lb.	.87	1.98a	128%		1.17	2.55	118%	M .59	M 2.30	290%	M 1.05	M 2.78	M	2.78	165%	
	100 lb.	—	—	—		1.48	3.09	109%	.59	M 2.30	290%	M 1.05	M 2.78	M	2.78	165%	
New York, N.Y. (0 miles)	1 lb.	.12	.21	75%	M .35	M 1.56	346%	M 1.67	M 3.74	124%	M 1.84	M 3.39	M	3.39	84%		
	20 lb.	1.15	1.50	30%	1.04	2.57	147%	M 1.67	M 3.74	124%	M 1.84	M 3.39	M	3.39	84%		
	70 lb.	3.88	b5.32	37%	3.13	5.77	84%	M 1.67	M 3.74	124%	M 1.84	M 3.39	M	3.39	84%		
	100 lb.	—	—	—	4.28	7.69	80%	1.67	3.74	124%	1.84	3.39	M	3.39	84%		
San Francisco, Calif. (238 miles)	1 lb.	.16	.27	69%	.40	M 1.56	290%	M 5.61	M 10.76	92%	M 5.95	M 9.57	M	9.57	61%		
	20 lb.	2.31	2.93	27%	2.29	3.88	69%	M 5.61	M 10.76	92%	M 5.95	M 9.57	M	9.57	61%		
	70 lb.	7.97	b10.32	29%	7.52	10.35	38%	M 5.61	M 10.76	92%	M 5.95	M 9.57	M	9.57	61%		
	100 lb.	—	—	—	10.55	14.22	35%	5.61	10.76	92%	5.95	9.57	M	9.57	61%		
Birmingham, Ala. (43 miles)	1 lb.	.11	.19	73%	M .35	M 1.56	346%	M 1.96	M 3.11	59%	M 2.36	M 3.15	M	3.15	33%		
	20 lb.	.79	1.10	39%	1.00	2.38	138%	M 1.96	M 3.11	59%	M 2.36	M 3.15	M	3.15	33%		
	70 lb.	2.60	b3.92	51%	2.98	5.09	71%	M 1.96	M 3.11	59%	M 2.36	3.15	M	3.15	33%		
	100 lb.	—	—	—	4.06	6.72	66%	1.96	3.11	59%	2.36	3.15	M	3.15	33%		

M — Minimum charge.

a — Charge for 70 lb. shipment figured as two separate packages of 40 and 30 lbs.

b — Charge for 70 lb. shipment figured as three 20 lb. and one 10 lb. package.

Lost: Control of the Purse

**"Something can and must be done
about the federal budget!"**

By SEN. HARRY F. BYRD

Virginia Senator Byrd has earned a reputation as one of the outstanding authorities on the federal budget. In this digest of a speech delivered before the annual meeting of the National Industrial Conference Board, the Senator documents the gravity of the present condition of federal finances and proposes remedies.

In TWENTY years a total of 25 per cent of our national income has gone into federal taxes collected from us (the current ratio is 28 per cent); federal expenditures have been equal to 30 per cent of our national income; and in 20 years we have piled up federal debt which is twice as much as the assessed value of all real and personal property in America.

It does not suffice to blame this entirely on war or depression. Taxes have been collected, the money has been spent, and the debt must be paid — whatever the purpose.

Actually, about half of these expenditures are charged directly to war, and the depression costs are small in latter-day comparisons. The remainder has gone in the main for 100 new federal domestic spending programs and subsidies; for foreign assistance; interest on the public debt (the cost of which alone is now twice the total cost of all government in 1932); civilian payrolls; fed-

eral grants to states and localities; loans to business; direct federal payments to individuals and others too numerous to mention.

A startling increase has been made in federal grants to states. In 1932 there were 19 federal programs of aid to states costing \$250 million. In 1952 there are 48 programs of aid to the states with federal payments of \$3 billion — twelve times as much in dollars and more than twice as many programs. These programs and figures do not include direct payments to individuals within the states.

Through these programs the administration creates the illusion that we are getting something for nothing. Actually, it takes money from us, gives back less than it took, and, in the process, exercises control of the states, localities, institutions and the lives of the individuals.

Painful Overhead

There is no such thing as a federal grant. The federal government has nothing of its own to give away. The federal government has no money except what it collects from the citizens of the states. When it passes these funds back, they are reduced 15 to 20 per cent for the cost to finance the overhead of the federal bureaucracy. The balance is sent back to the states and localities which must submit to controls from

Washington as to how the money must be spent.

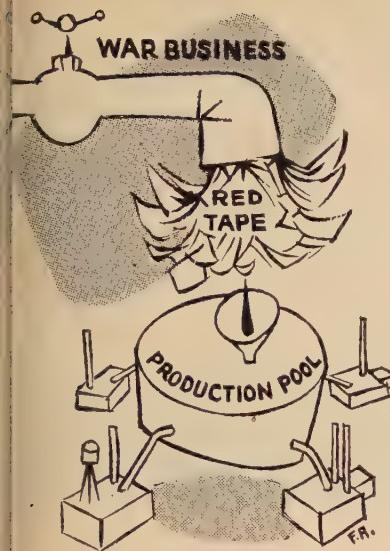
In this period there has been moral and fiscal deterioration reflected by the value of our money and the epidemic of corruption which inevitably follows centralization of power and purse.

When the President submits his budget in January he contemplated the eighteenth federal deficit in twenty-one years. In the two years to date there have been peacetime years, and in these peace years we have had two deficits. The fighting in Korea included in the war years. Incidentally, this so-called police action costing about \$8 billion to \$10 billion a year, and the end is not sight.

Our present federal taxation is crushing down upon individual and industry. As a member of the senate finance committee for nearly 20 years, I am convinced that further tax increases, if imposed, not only reach the confiscatory stage but will actually result in diminishing returns. This opinion is shared by such congressional experts as my colleagues, Senator Walter George, the chairman of the senate finance committee, Congressman Robert Doughton, chairman of the ways and means committee of the house.

A constructive revision of our entire federal tax system would be

(Continued on page 22)



by Jack Robins

What Happened to Production Pools?

**A device to help small concerns get war business
is lagging far behind its excellent World War II record**

THE production pool, an organizational device designed to get defense work for small business, has been a flop. The failure is twofold: only a handful of pools have been formed, and even these few have been unable to obtain more than an infinitesimal percentage of prime defense contracts.

This is not opinion, but statistical fact. Consider these statistics:

In World War II, when production pools were first developed, some 250 handled a total of \$600,000,000 in war contracts.

As of last May 1, nearly two years after the authority for reactivating these pools was given in the Defense Production Act, only 15 pools had completed the requirements for formal organization, and their total prime contracts amounted to a puny \$567,000 — a far cry from 600,000,000!

What has happened? Why has a production device that was considered successful in the last war failed to work the way it did before?

These questions aroused the interest of the Senate small business committee when it studied the poor record achieved to date. After an investigation of the situation, it believes it knows the answers. The causes are essentially bureaucratic — unnecessary administrative red tape and the disinclination of procurement officers to take the extra trouble to deal with small business.

And since the failure has not arisen from any lack of enthusiasm or enterprise by the pools themselves, the committee is not willing to write off the production pool as of no value.

Production pools are groups of small manufacturers in either corporate or unincorporated form organized to take prime contracts and farm them out among the pool members according to their capabilities.* By creating a larger contracting unit with greater production facilities than any of its members could offer individually, the pool makes the government's job of dealing with small business easier.

Pool Advantages

The production pool makes sense, in theory at least, to the government as well as to small business. It helps the mobilization effort by increasing the capacity of industry to produce goods, reducing the backlog of unfilled orders, and relieving the load on businesses able to produce other items of greater scarcity.

Why, then, has the government failed to take advantage of these potential benefits?

*For a more detailed discussion of the production pool, see "Why Not Try a Production Pool for Defense Work?" — Commerce, May 1951.

One reason is that there is not the same urgency during partial mobilization to utilize every means of production as there is in all-out war. But this is not the whole story. The Senate committee found that wholly unreasonable delays were occurring in the certification of pools, and unreasonable demands were being made on them by procurement officers.

Creation of an official production pool is more difficult, procedurally, than in the last war. One step requires the approval of the Justice Department and the Federal Trade Commission, since otherwise the combinations of business might violate the antitrust laws. Pools are granted immunity from prosecution under those statutes as purely voluntary associations provided the appropriate authorities hold that their participation in national defense is in the public interest.

The Senate committee discovered that the time required for processing a production pool application ranged from 80 to 215 days. The greatest delay was in the Justice Department, averaging 43.6 days. The department sat on one application two and a half months!

Last January, an NPA small business official who protested these delays noted that Justice had imposed two new requirements, one governing the relationship between the

(Continued on page 41)



This huge wood pulp plant was recently completed in scenic surroundings near Prince Rupert, British Columbia

Canada's Far West Goes "Boom!"

**Millions in U. S. capital are pouring into
the world's most scenic industrial growth area**

By JAMES MONTAGNESS

THE Alaskan Highway, snaking its desolate way through the uninhabited mountains and forests of western Canada, has done more than link the United States with its far northern territory. Today, it has converted the scenic lands that lie astride it into one of the world's most rapidly growing industrial areas. The big boom moves forward at a feverish pace. Construction workers by the thousands are busily at work on new electric power plants, pulp and paper mills, mining smelters, refineries, railroads, and docking facilities. In British Columbia alone, where you could once tramp 500 miles without meeting another soul, close to a billion dollars is being poured into industrial construction.

This vast province is about the size of the two largest states, Texas and California; yet as late as last year it had a population of only 1,153,000, of whom more than half

live in the southwest corner in and near Vancouver and Victoria. Until recently British Columbian industry was chiefly fishing and lumbering with an occasional mining operation. Practically all industry was confined to a narrow area adjacent to the U. S. border.

Sweeping Natural Beauty

To Americans the province has been best known for its lofty trees and majestic mountain parks which annually draw tens of thousands of tourists. Now British Columbia has entered a new phase that is rapidly making it industrially important to the United States.

A steady stream of American capital is pouring into British Columbia. The Celanese Corporation of America, for example, completed a \$27 million pulp and paper plant near Prince Rupert, B. C., last year. It will ship part of its daily output

of cellulose to a new \$50 million petro-chemical subsidiary of the same company now under construction at Edmonton, Alberta. Another subsidiary is building a \$65 million pulp and paper plant to produce 400 tons of kraft pulp and 275 tons of newsprint daily. This plant is going up 250 miles east of Vancouver at Castlegar — till now a flag stop on the transcontinental Canadian Pacific Railway. Soon it will be a thriving industrial center.

A group of prominent American and Canadian oil companies have formed a pipeline company, which at a cost of \$82 million is laying a pipeline across the Rocky Mountains through historic Yellowhead Pass. Ultimately, it will carry oil from Edmonton, Alberta, through 700 miles of mountains and virgin forests to Vancouver and other urban areas in British Columbia.

One of the biggest Canadian construction jobs since the war

nderway 400 miles north of Vancouver in an uninhabited wilderness, accessible only by flying boat or coastal steamer. It is a \$500 million aluminum smelter, a development of the Aluminum Company of Canada. The mammoth job requires the construction of electric power stations to power the smelters, a town for 50,000 people at Kitimat where the smelters will be located, and vast docking facilities to unload the ships which will bring raw materials for the aluminum running from as far away as Jamaica and Greenland.

Huge Power Station

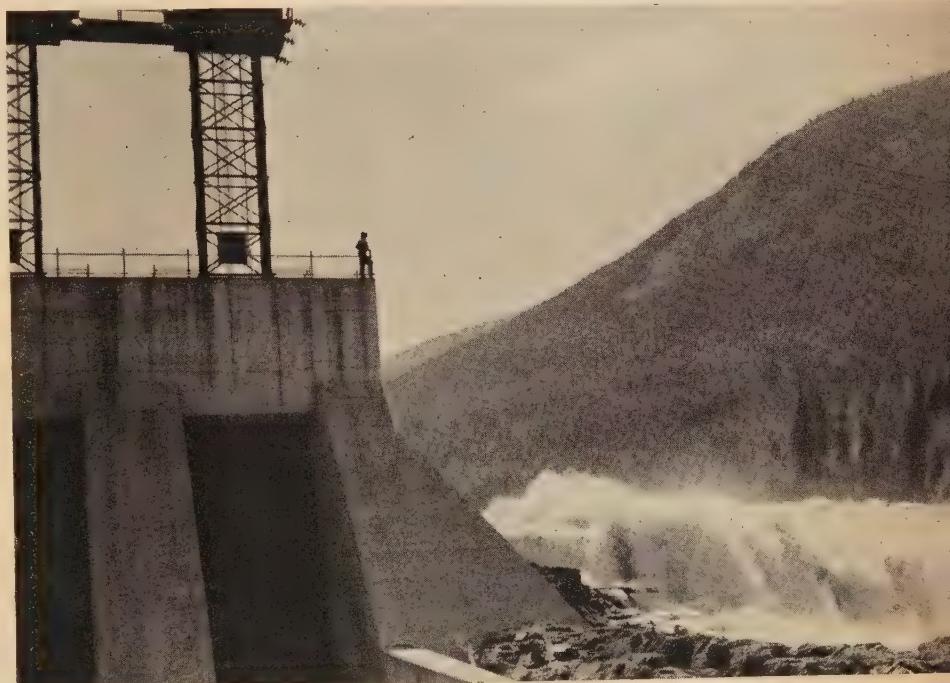
Ten miles inland from a deep fjord on the Pacific coast, and 50 miles south of the Kitimat smelter will be the big power generating station. It is being built at Kemano, a mere name on the map today, but already the headquarters of a vast construction camp, a bank (housed temporarily in a Quonset hut), and recreation halls for workers in this lonely spot. When the two-man bank staff, a branch of one of Canada's largest banks, has to send money and other valuables to its midget-sized Kemano branch, it means an auto trip over a mud and log road for 10 miles, then a bucking of windswept waters for several miles on a small motorboat for the bank manager, and finally jumping in a heaving sea with the money and dispatch bags and onto a coastal steamer for the last leg of the journey. To the manager, it is just part of his job of opening a new industry in the Canadian wilderness.

The Kemano power generating

(Continued on page 23)



Surveyors and engineers landing in British Columbia mountain area where an aluminum refinery is planning a vast electric power station — men and supplies could be taken in among the snow-capped peaks only by air



One of many new electric power stations being developed along British Columbian streams to serve urban areas and new industrial enterprises

Vancouver, Canada's third largest city, and now growing larger as a western commercial center



Lost: Control of the Purse

(Continued from page 18)

incentive to our progress if it were designed to safeguard the solvency of individuals and corporations upon which the government must rely for the high tax receipts essential to meet our future obligations.

By the same token, control of federal expenditures must be recaptured by congress if the government's solvency and integrity are to be preserved.

Congress has lost effective control over annual federal expenditures, and it will be extremely difficult ever again to balance the federal budget.

In support of these conclusions I submit two samples of the evidence confronting us:

First, of the \$85.4 billion which the President estimated would be expended in fiscal year 1953, beginning July 1, \$42 billion would be from appropriations and authorizations enacted in prior years which is not subject to action by congress in the appropriation bills currently before it. This means that theoretically congress could cut the appropriations before it this year virtually in half without affecting expenditures in the coming year.

Second, major long-term commitments — military, foreign, atomic energy, and domestic—indicate clearly that we have embarked upon another indefinite era of deficit spending. A searching examination into plans for military and foreign spending just completed this week by the senate armed services committee developed conclusively that deficit financing will be required for a minimum of five years with no greater war than we have now.

On the basis of the latest official estimates available, I submit the following "Byrd's eye view" of the federal spendorama for the foreseeable future:

Year	Expenditures (In Billions)	Revenue	Deficit
1952	\$ 67.0	\$ 61.5	\$ 5.5
1953	80.0	68.5	11.5
1954	78.0	69.0	9.0
1955	76.0	68.5	7.5
1956	75.0	68.0	7.0
1957	75.0	68.0	7.0
Total	\$451.0	\$403.5	\$47.5

On the basis of this projection, it

is indicated that with no more war than we have at present the federal debt by June 30, 1957, will exceed \$300 billion.

Something can and should be done about these awesome fiscal prospects and the practices and policies which make them a virtual certainty.

There must be a complete and exhaustive review of the military program particularly to eliminate the wastefulness for which it is notorious.

Review Essential

There must be a complete and exhaustive review of the foreign program which has been changing every year to meet the requirements of feasibility. First there were programs for the relief of individuals abroad. Next there was the program to bolster foreign national economies. Then it became a combination of economic and military aid. Now it is all justified in terms of military security, not only in Europe, but in the Far East, in the Near East, in South America, and in all of the sinkholes of the South Pacific.

There must be a complete and exhaustive review of the domestic payment programs through which the federal government subsidizes business, agriculture, and special categories of individuals.

These programs are now deeply woven into foreign economies, state and local budgets, and individual incomes, and while reducing federal expenditures is an absolute essential to preserve the financial integrity of the government, changing these policies will be extremely difficult. The changes will not be accomplished until there is an undeniable demand for them made upon both the executive and legislative branches of the government.

In the present situation our control over federal spending is limited by international agreements, statutory commitments, availability of prior year appropriations and authorizations, availability of federal corporate funds, requirements to

meet contract authorizations and requirements for settling claims.

These fiscal control limitations are complicated by archaic methods, procedures and techniques which characterize enactment of fiscal legislation. For instance, there are fourteen different kinds of appropriations and other authorizations to obligate federal funds.

The manner in which congressional control over annual expenditures breaks down under the pressure of these long-term commitments and archaic procedures is illustrated by the fact that the military itself estimates that at the end of fiscal year 1953 its unexpended balances in appropriations will exceed the amount spent by it during the year.

Assuming that the President's request for \$7.9 billion for foreign aid should be granted, this appropriation authority would firmly commit the United States to the expenditure of more than \$5 billion in fiscal year 1954, and \$1.5 billion as far in the future as 1955, exclusive of additional expenditures and commitments to be made under subsequent appropriations for those years respectively.

Some Reduction?

Congress to date has indicated that it does not intend to enact numerous new expenditure proposals by the President, and beyond this there is reason to believe that there will be some reduction in both appropriations and expenditures on some of the old programs. But there is reason to expect the President will ask for at least \$5.5 billion more in appropriations before Congress adjourns—\$4 billion for atomic energy and \$1½ billion for Korean War requirements. It is probable that all of the billion and a half for the Korean War will be actually spent in fiscal year 1953, but only about a half billion dollars of the new money for atomic energy will be spent in the coming fiscal year. The remainder of the atomic energy funds will be committed for expenditure in subsequent years. The appropriations are made in 1952, but the expenditures are made against the revenue in some subsequent year. It is annual expenditures (not appropriations) against

(Continued on page 34)

Canada's Far West Goes "Boom!"

(Continued from page 21)

station will develop 1.6 million horsepower of electricity, almost as much as is developed at Niagara Falls. The power station will be buried a quarter-mile inside a mountain, partly as a safeguard against aerial attack. Water to turn the turbines will come from 10 miles to the east, where a new lake is being formed by changing the course of a river system and damming up its waters. The lake will be at least 100 miles long and hemmed in by snow-capped mountains. The water will flow to the power station through two tunnels, bored through a mountain range, dropping 2,600 feet in the process to gush through the turbines, then join a river system to the Pacific coast.

To bring electric power to the smelter, power lines are being strung across a mountain pass 5,000 feet high, windswept the year round. A test line was set up for a year to see how the lines would stand the wind. Crews and materials for the test line, including steel poles and

heavy transmission line, were taken in by helicopter. Later, helicopters also brought checking crews in to see how the line withstood the elements.

The first aluminum is to flow from the new smelters in 1954. Capacity ultimately will be 500,000 tons a year, with 100,000 tons planned at the outset.

Resources Developed

These are among the biggest projects now under construction in British Columbia. They will more than double the utilized area of the province, but they are by no means the only new developments. Wood products industries are being greatly expanded. Both American and Canadian capital and engineering skill is moving into lumbering, pulp and paper, and other wood products plants. The increasing demand for newsprint, plywood and other building lumber is responsible for the expansion. And along with new and

expanded pulp and paper plants are hydro-electric power plants. Last year 100,000 new horsepower of electricity was put into operation in the Vancouver Island area alone.

One of the largest mining and chemical plants in Canada, The Consolidated Mining and Smelting Company, located at Trail near the Montana border, is going through a \$64 million expansion. This includes new electric power plants, opening up new mining properties, enlarging and adding to lead and zinc refineries, and building a new chemical plant to produce ammonium phosphates. In the offing is the likely establishment of a steel mill there, also to utilize the high iron content tailings now unused from other mining operations at this big plant.

These developments mean that within the foreseeable future British Columbia will have major industries to add to the fisheries and lumbering operations which have been the mainstays of the province to date. There will be many new small industries to fabricate the new metal products, new woodpulp

INSTALL NEW HEATING EQUIPMENT During Vacation

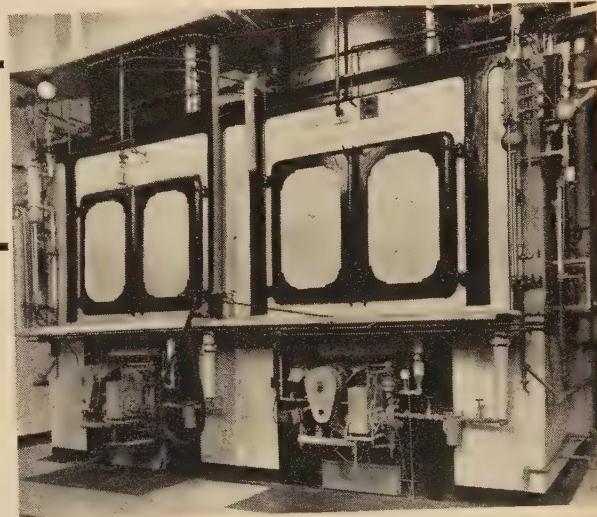
HERE'S WHY:

- 1 — Best weather season of the year . . . permits unhurried, non-emergency installation . . .
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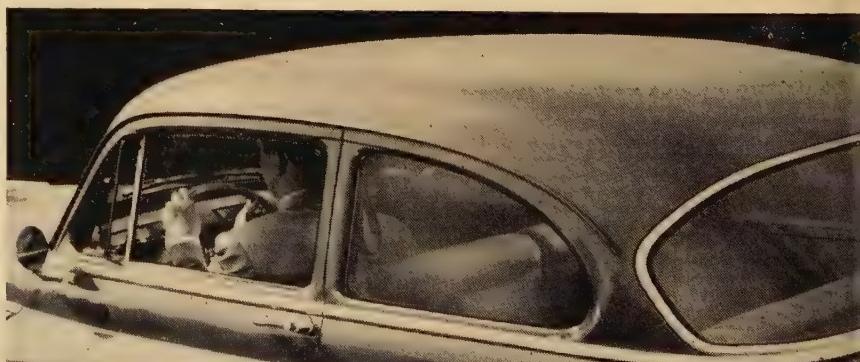


ERASING 13 YEARS. A boiler house, located in an extremely corrosive industrial atmosphere, was built with roof and siding of U-S-S Stainless Steel 13 years ago. This picture shows an ordinary gum eraser easily removing the 13-year accumulation of mill dirt on the building to reveal that the stainless steel beneath is still bright, shining, unmarred.

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chemicals and use the abundant supplies of electric power being developed. The trek from the east which started immediately after the end of World War II will continue to swell the province's population. Shipping and aviation across the Pacific will continue to expand from Canada's third largest city, Vancouver, and the agricultural area north of the international border will have vast new urban popula-

tions to which to sell the d- vegetable and fruit crops w- grow so abundantly there.

The British Columbia boom really only in its initial stage may well continue for years to come making an area that Americans knew as a vacation paradise one of the big new industrial expansion areas on the North American continent.

Here's What Your Workers Are Reading

(Continued from page 15)

chinist, told a University of Illinois conference of labor editors it is their job to answer the reactionary "extremists," and to tell the truth as they see it. "Certainly," Editor Cole summed up, "nobody can depend upon the daily newspapers."

At least one prominent daily apparently has somewhat the same viewpoint. In 1949, the St. Louis Post-Dispatch followed up a news story on the growth of the labor press with an admiring editorial which said, "There would be no labor press at all if the commercial press gave full expression to the needs and opinions of millions of trade unionists."

The Post-Dispatch noted that it was the labor press that dug up the story that California doctors had abandoned customary ethics to advertise against national health insurance, which labor supports and much of the daily press opposes. As could be expected, union newspapers chided the dailies for their silence on the story.

"What the labor press offers," the Post-Dispatch observed, "is the competition of ideas. And it would be a mistake to regard such papers only as a limited counterpart to industry's trade press."

Allan L. Swim, editor of the powerful CIO News, which is regularly perused by Washington correspondents, contends that one of the chief jobs of the labor press is to "needle" the dailies. When something is played up in the CIO News, the general press usually picks it up, according to Swim. Thus, he says, "labor newspapers exercise an influence completely out of proportion to the number of readers they have."

Does the average working man believe what he reads in his union

newspaper? In a report to a University of Wisconsin conference of labor editors, Prof. R. O. Nafziger indicated the answer is "yes." When 200 readers of two labor papers in Toledo were interviewed recently 84 per cent said they think labor papers are more truthful than dailies on union affairs, 73 per cent think news stories in the labor press present facts accurately, and 82 per cent think labor papers do a good job of explaining world affairs as well as labor affairs.

Many labor editors, however, are not so sure that they are going over with their readers. And Editor Cole of the Chicago Daily News believes that company publications are generally more attractive and readable than union periodicals.

The unions are doing more than just wishing for more readable publications. Many have hired reconditioned craftsmen to improve their publications. Editor Cole of the Machinist formerly worked for David Lawrence, Swim of the CIO News was a Scripps-Howard man, Edward Keating, editor of Labor News, is a former editor of the Denver Rocky Mountain News. Local labor editors with less experience improve their craftsmanship at frequent editors' conferences held by various universities.

Political news, which is the predominant subject in virtually all labor publications, is served up in a two-fisted style. A typical Labor Press Association story reads:

"WASHINGTON (LPA) — President Philip Murray promises a fight down the line to defeat reactionaries and elect labor-minded legislators in 1952, as the CIO sued a list showing how Senators and Congressmen voted on ma-

ues in the Horsemeat Congress." The story then catalogued voting records on 10 major issues, with a comment, "Here are the Senators who voted for high prices, the man's tax bill and other laws for the wealthy, and there isn't a surprising name among them." The roll list was headed, "Senators who voted for the people and against special interests."

It remains to be seen what stand the AFL and CIO press will take in the forthcoming elections. They have been setting the stage for political action by hammering home in story and cartoon the importance of voting. The front and back covers of the June issue of the Machinists monthly stress the political action theme, the front cover depicting an aggrieved duck carrying a placard, "Don't Vote, I Just Squawk," and the back cover showing a boarded-up schoolhouse with the notice, "Will Re-open In September If Funds Are Available." Viewing the sign, a girl asks her playmate "Have our folks registered to vote yet?"

Play On Old Saws

On matters like the steel case, the labor press is wholly unified. Support of price controls is another issue on which the labor press uniformly agrees.

Despite the increasing maturity of the labor press, union editors still take great delight in hammering away at old saws like "bloated corporation profits" and "interlocking directorates." A streamer story in the tabloid United Rubber Worker last January, 1952, shrieked, "Dividends Increased 31%." The story read:

"WASHINGTON (LPA) — Controls and high taxes are 'ruining' business so terribly that cash dividend payments by corporations in October averaged seven per cent higher than in October, 1950, the Department of Commerce has announced."

Just below this was a two-column story quoting Labor Secretary Tobin to the effect that nearly 45 per cent of the nation's wage earners failed to keep financial pace with the 10 per cent cost of living rise from January, 1950, to June, 1951.

The April 15, 1952, United Mine Workers Journal grouped three steel stories on its first two pages. The



Any tiny production improvement looks big when it can be multiplied by acres of machines. But even without that—in an average size screw machine products shop like Borneman & Peterson's at Flint, Michigan—the improvement effected with Cities Service cutting oil registered impressively.

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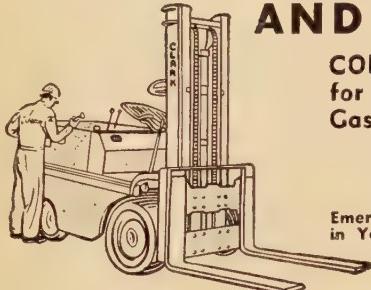
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lead piece, a story on steel negotiations, editorialized, "This is basically a conflict between steel management and the government, with the steel workers on the sideline and with the only real issue at stake being maintenance of the tottering wage-price stabilization program. Without the WSB, the Journal contended, labor and management would have effected a settlement through collective bargaining.

The next story struck out President Clarence Randall of U.S. Steel. The final piece of the trilogy stated simply "Steel Industry '51 Net Profits \$689,379,000"—quoting from a National City Bank New York newsletter.

Labor papers are generously sprinkled with cartoons, but they are probably no more caustic than the editorial cartoons of the general press. Most consistently ribbed by labor cartoonists are the 82nd Congress and "Big Business," which the cartoons imply, work hand-in-glove to undermine labor.

Few Leftish Papers

This is in marked contrast with the labor press of several decades ago. On February 22, 1919, The New Majority, predecessor to Chicago's Federation News, carried a grisly cartoon with the caption "Don't Step Into The Noose! — the worker goes to next Tuesday primaries he will get his feet in a trap — there is no candidate I can vote for that will help his cause and he will invalidate his signature on the petition of labor's candidate." Also in 1919, The New Majority, always friendly to the Russian experiment, printed the Soviet constitution in full.

Only a few leftwing labor papers still exist today. The great majority of the labor press is vigorously anti-Communist and anti-Socialist. Many a cartoon is based on the if-you-lived-in-Russia theme.

Several times in the past attempts have been made to launch a national labor paper. Although these experiments go back to 1797, none has been successful. This experience has not dampened the enthusiasm of AFL and CIO unions which are now seeking to establish a national daily newspaper for labor to be called The National Reporter. Its backers say the new paper will serve

(Continued on page 32)

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Invest in the Middle West

Reviews of Middle-Western Companies

by D. F. NICHOLSON

AMERICA, the land of abundance, faces the prospect of having to increase its production of foodstuffs by a substantial amount. Population is increasing, and it has been demonstrated that when purchasing power is high the individual consumption of food increases. For example, in the period from 1940 to 1950, population increased about 15 per cent and the average per capita consumption of foods and fibres increased 13 per cent. However, there is no longer an abundant supply of unused land suitable for cultivation, and the number of acres in use at the end of 1950 was virtually unchanged from that at the end of 1940.

A. King McCord, president of Oliver Corporation, manufacturer of farm machinery and equipment, recently told a group of investment analysts in Boston that "Oliver management preaches consistently that this country has a serious long-term food problem." The Oliver management also has a solution, which can be summarized as intensified cultivation of existing acres. This involves further mechanization of farms, soil conservation and the increase of soil fertility by chemical fertilization, proper crop rotation, and control of crop-destroying pests.

"Chemistry In Farming"

Mr. McCord foresees the widespread adoption of a new technique which he describes as "chemistry in farming." In January of this year Oliver strengthened its position with respect to this new technique by acquiring, through an exchange of stock, the A. B. Farquhar Company, York, Pa.

The Farquhar Company added a number of farm implements complementary to Oliver Corporation's line, but Oliver was particularly in-

terested in the spraying and dusting equipment. Other Farquhar products include peanut pickers, potato planters and pickers, and vegetable planters and transplanters. The company also manufactures hydraulic presses ranging from three to 7,200 tons capacity, industrial conveyors, and portable sawmills. The fact that the acquisition provided a good eastern location was also advantageous to Oliver.

Capital Investment Program

In the last seven and one-half years, Oliver Corporation has backed up its confidence in the outlook for farm implements and equipment with an investment of \$32,650,000 in capital assets, including new warehouses to build up the company's distribution facilities. The significance of this investment is indicated by the fact that total plant and equipment on the company's books as of October 31, 1951, after depreciation, was carried at \$22,566,930. One important new investment was the purchase in 1951 of a second plant in Battle Creek, Mich. The plant contains about 250,000 square feet of floor space and is now being used to produce the air frame or fuselage of the Boeing RB-47 jet bomber, but Oliver plans to use it for the manufacture of its regular products when the rearmament program is completed.

Although farm mechanization has progressed at a spectacular rate in recent years, Mr. McCord believes it is far from the saturation point. Even in the most progressive and prosperous farm states, he says, an amazing number of horses are still being used, as well as old fashioned threshing equipment. Moreover, the mechanization of material handling and feeding operations in the farm yard has lagged far behind the



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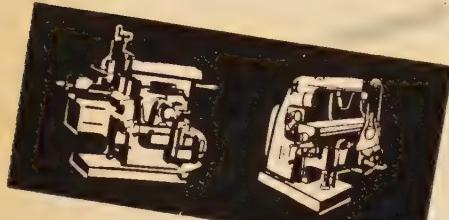
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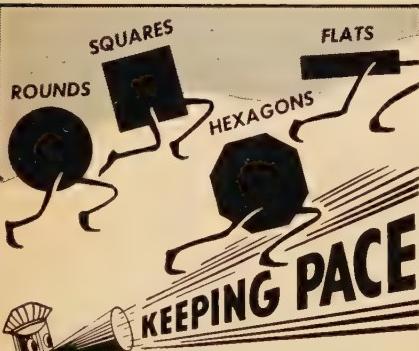
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mechanization of field work. Soil conservation, according to Mr. McCord, has hardly started.

The Oliver Corporation was organized in April, 1929, as a merger of the Oliver Chilled Plow Works, South Bend, Ind.; Hart-Parr Company, wheel tractor manufacturer, Charles City, Ia.; Nichols and Shepard Company, manufacturers of harvesting machinery, Battle Creek, Mich.; and the American Seeding Machine Company, Springfield, O.

The merger took place at a time when international trade was being dislocated, and it preceded by only six months the stock market crash that ushered in the most severe depression in the nation's history. The company began with a cash balance of ten million dollars and annual sales of \$27,500,000 for the merged concerns. By 1931 the cash was practically all gone, and the company had accumulated debts of more than \$20,000,000. In 1932, sales dropped to \$4,200,000.

The recovery that came in the late 1930's was halted with the outbreak of World War II and the company's position in its industry was frozen by government regulation until decontrol came to an end in 1945. Since that time Oliver's sales have climbed sharply, and reached a new high at \$119,500,000 in 1951.

Paid All Creditors

While the recovery of sales from a little more than four millions to nearly 120 millions was spectacular, Oliver Corporation is proudest of the fact that it did not take advantage of the 77B reorganization law to get relief from the burden of debt, but ultimately paid off all creditors, with interest, and thereby earned an enviable bank credit rating. A recapitalization was effected in 1935 whereby holders of preferred stock exchanged it for common, and the common stockholders accepted one new share in exchange for each 20 shares of old.

The postwar expansion of Oliver Corporation has taken place under the leadership of Alva W. Phelps, former production executive of General Motors, who joined the company in the spring of 1944 as president and now is chairman of the board of directors and chief executive officer. Through Phelps' efforts

the Cleveland Tractor Company, manufacturer of crawler tractors, was acquired in 1944. He also credited with the modernization and expansion of the company's production and distribution facilities and the increased efforts devoted to the design of new and improved products. The Cleveland Tractor Company produces industrial as well as agricultural tractors. The crawler tractor is superior to the wheel type tractor as a "mudder," and makes an excellent companion for it on two-tractor farms.

Plants and Products

Oliver Corporation now operates nine plants with a total of 5 1/4 million square feet of manufacturing floor space and a payroll of about 11,000 persons. The plants are in Battle Creek, Cleveland, South Bend, York, Springfield, O., Charles City, Ia., and Shelbyville, Ill.

Distribution is handled through 46 company sales locations and more than 3,000 dealers in the United States and Canada.

Oliver products in addition to tractors and the Farquhar line include combine harvesters, corn pickers, automatic hay balers and mowers, industrial transmissions, moldboard and disc plows, cultivators, harrows, potato tools, listers, rakes, grain drills, corn planters, spreaders, beet tools, and cotton strippers. The company also is distributor for grain and corn binders and farm wagons manufactured by others.

Tractors represent the largest selling line for Oliver by a wide margin. The company was the first to introduce a high-compression tractor engine, and it was the response to this new product when it was offered in 1936 that gave Oliver its first important boost along the recovery trail.

Prior to the steel strike the company forecast its sales for the fiscal year ending October 31, 1952, at about \$155,000,000, including \$18,-500,000 of billings under war contracts. The increase for the company's regular products was placed at 16 per cent. In the six months to April 30, 1952, sales totaled \$71,-412,000, including \$6,036,000 in billings for military products. The increase reflected in part the acquisition of the Farquhar company. That company's sales in the year

ended September 30, 1951, totaled \$7,341,912.

Net earnings of Oliver for the six months to April 30, 1952, were estimated to be \$3,596,000, equal to \$3.32 a share on 1,026,584 shares then outstanding. This compared with net of \$3,159,000, or \$3.70 a share on 803,921 common shares, a year ago.

In the fiscal year to October 30, 1951, net earnings were reported at \$6,005,980, equal to \$7.01 a share on common stock outstanding at the end of the year. The 1951 net was reduced by \$936,000 because of the adoption of the LIFO method of inventory accounting.

Following is a comparison of net sales, net income, and earnings per share of common stock, for the years 1942 to 1951, inclusive:

Yrs. ended	Net Sales	Net Earnings	*Per Sh. Common
Oct. 31	\$119,524,339	\$6,005,980	\$7.01
1950	98,836,337	6,329,812	7.42
1949	101,341,008	6,006,974	7.02
1948	103,310,462	7,796,575	9.25
1947	73,782,568	4,374,745	4.99
1946	50,840,914	2,060,143	2.11
1945	58,554,020	1,827,047	1.82
1944	43,321,896	1,735,140	2.64
1943	30,864,080	1,761,593	2.63
1942	28,458,926	1,639,983	2.44

*After preferred dividends, and based on stock outstanding at the end of each year with adjustment for two-for-one split of common in October, 1944.

The company made no provision for excess profits tax in 1951 since its credit calculated on the average earnings basis was placed at \$12,074,000. The management calculates the excess profits tax credit for 1952 at \$14,900,000.

Capital Increases

The expansion of the last seven years made it necessary for the company to raise additional invested capital as well as to borrow. In October, 1944, the company offered for sale 82,000 shares of \$100 par value cumulative convertible preferred stock and split the common stock two-for-one. In July, 1949, the company borrowed \$15,000,000 for 20 years at 3½ per cent from an insurance company, and in March, 1952, an additional long term loan was made from two insurance companies. In February of this year the company added about \$5,000,000 to working capital through the sale of 171,090 common shares.

Capitalization outstanding on April 30, 1952, consisted of \$18,900,000 of long term debt, 81,747

shares of \$100 par value preferred stock, and 1,026,584 shares of \$1 par value common. The outstanding common will be doubled with the distribution of one additional share for each share held, on July 9, 1952. The book value of the common stock was approximately \$62 a share on April 30. Both the common and the preferred are listed on the New York Stock Exchange. The common in mid-June was quoted around 17 for the new shares to be outstanding after the July 9 split, or a little more than one-half the book value.

Oliver Corporation has paid dividends on its common stock since January, 1941. Payments have been at the rate of 60 cents a share quarterly since the first quarter of 1951.

Payments in previous calendar years were: 1950, \$2; 1948-49, \$3; 1947, \$1; 1946, 50 cents; 1945, \$1; 1944, \$3 (before the stock split); 1943, \$2.50; 1942, \$2; 1941, \$1.

As of October 31, 1951, the company's current assets totaled \$75,422,756, including cash of \$5,548,639. Current liabilities aggregated \$25,353,175, including \$5,500,000 of

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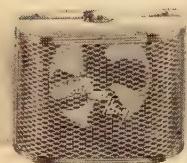
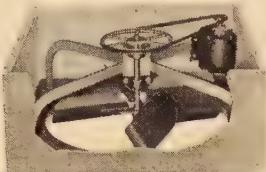
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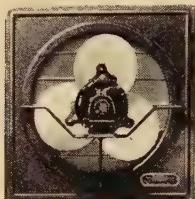
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short term bank loans, leaving indicated net working capital of \$50,069,581. On April 30, 1952, net working capital had increased to \$64,575,000.

Oliver's inventories at plants and branches and in dealers' hands are now in "good shape" and may be reduced without impairment to sales, according to Mr. McCord.

Workers' Reading

(Continued from page 28)

labor "as the Wall Street Journal serves those on the other side of the bargaining table."

An intensive subscription campaign has been under way for several months in local, state and national unions throughout the country. When 25,000 subscription pledges, at \$20 a year, are gathered, the paper is to be launched with headquarters in Washington. In Illinois, for example, the state CIO organization is encouraging locals to subscribe for their officers and committeemen. In back of the project is the Newspaper Union's Publishing Company, started by AFL and CIO unions during a strike of Pittsburgh dailies last year. Indications are that the National Reporter is hoping to get into print before electiontime.

While the labor press has named its city, state, and Congressional choices as well as its black lists, it seems to be playing coy on the presidential race until after the July conventions. The AFL has endorsed only one presidential candidate in its 70 years of existence.

The labor press is not expected to be completely unified in backing a candidate, unless Senator Taft is the Republican nominee. Then, it is assumed, there would be fireworks aplenty. The stand of the labor press should make interesting, if sometimes disturbing, reading for politically minded businessmen in the coming months. Labor papers have frequently demonstrated their effectiveness in moving union members to action on local and state affairs inside and outside the realm of politics. Sometimes they have flopped badly, as in their effort to defeat Taft in his Ohio Senatorial campaign. Their influence of the 1952 presidential race remains to be measured.

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Industrial Developments

... in the Chicago Area

INVESTMENTS in industrial plants in the Chicago area totalled \$7,662,000 in June compared with \$7,555,000 in June, 1951. Total investments for the first six months of this year were \$74,657,000 compared with \$219,520,000 during the same period in 1951. These figures include expenditures for the construction of new industrial plants, expansions of existing buildings, and the acquisition of land or buildings for industrial purposes.

- **Ingersoll Products Division of Borg-Warner Corporation**, 1000 W. 120th street, is completing construction of an additional structure which will house two 18 ton capacity electric steel melting furnaces. Heavy crane equipment and a large capacity power distribution system will be incorporated in the building.

- **Lindberg Steel Treating Company**, 222 N. Laflin street, is constructing another 85,000 square foot unit in the Clearing District in Melrose Park.

- **Templeton, Kenly and Company**, 1020 S. Central avenue, is erecting a plant in Broadview, which will contain 85,000 square feet of floor area. The company

manufactures mechanical and hydraulic lifting jacks.

- **Vandercook and Sons, Inc.**, 900 N. Kilpatrick avenue, manufacturer of printers' machinery, is constructing a 50,000 square foot plant at Touhy and Kedzie avenues in Skokie.

- **Metal Specialties Manufacturing Company**, 3200 W. Carroll avenue, is having a 45,000 square foot building constructed by the Clearing Industrial District in Melrose Park.

- **C. A. Roberts Company**, 20 S. Aberdeen street, is having a plant built by the Clearing District in Franklin Park. The company sells steel tubing.

- **McCarthy Steel Warehouse Company**, 74th and Ashland, is constructing a plant at 75th street and the B. & O. railroad right-of-way. Edwin M. Hartrich and Son, general contractor.

- **Chicago Steel Rule and Die Fabricators**, 5612 W. Grand avenue, is constructing a plant at 2621 N. Normandy which will contain approximately 33,000 square feet of floor space. The company makes



Architect's conception of a new sheet metal plant for which Binks Manufacturing Company recently broke ground in Franklin Park. The \$600,000 unit is on a 24-acre site that will ultimately house all Binks operations.

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paper cutting equipment as well as processing paper and gaskets. L. A. Marcone Company, Inc., general contractors.

• **Wallace A. Erickson Company**, 842 N. Wells street, manufacturer of chemicals, will build a plant in Skokie on the tract of land purchased recently. J. Emil Anderson and Company, general contractor.

• **Bowers Printing Ink, Inc.**, 711 W. Lake street, is constructing a plant at 2651 W. Irving Park road. The structure will be a one-story plant containing approximately 23,000 square feet of floor area. Klefstad Engineering Company, engineer.

• **Chicago Buckets, Inc.**, has purchased the 33,000 square foot building at 52nd avenue and 38th street, Cicero. The firm manufactures clamshell buckets. J. J. Harrington and Company, broker.

• **J. Sandman and Sons, Inc.**, 1500 W. Webster, is constructing a 23,000 square foot de-tinning plant. Klefstad Engineering Company, engineer.

• **Concrete Fixtures Company**, 3666 W. 38th street, is constructing an 8,000 square foot plant at 139th street and Western avenue, Posen. The company produces laundry tubs. Campbell-Lowrie-Lautermilch Corporation, general contractors.

• **A. Dalkin Company**, 3232 N. Kilpatrick avenue, manufacturer of vending machines and machine shop products, is constructing a 12,000 square foot addition to its plant. Klefstad Engineering Company, engineer.

• **H. C. Knoke Company**, 5728 W. Roosevelt road, is building a 17,000 square foot plant at 31st and Austin boulevard, Cicero.

Lost: Control of the Purse

(Continued from page 22)

annual revenue which results in deficits or surpluses. Once the appropriations are made by Congress, it is the executive branch which usually determines when the money is to be expended.

This situation was recently described by the Honorable Lindsay Warren, comptroller general of the United States, when he testified as follows:

"Legislative power of the purse is the basic fiscal policy of our constitutional system of checks and balances. . . . There is no denying the power has been weakened. . . . During the past 10 or 15 years a great deal of legislation has been passed which, bit by bit, has had the effect of leaving executive agencies free to do what they will in their spending action. . . . While some of that legislation was temporary, some has come to be standard practice. The point is that to the extent Congress enacts such laws it relinquishes its control of public funds and little by little gives away its great patrimony. . . ."

I believe a long step in the direction of the recapture of expenditure control by congress and in the direction of orderly fiscal procedure

would be made by the adoption of senate concurrent resolution 27.

This resolution would modernize the current archaic legislative appropriation procedures. Not only would all the appropriations be included in one bill where they could be added up at the end, but provision would be made for congress to enact limitations on expenditures from both current and prior appropriations and authorizations. Contrary to present practices, this would require the Congress and its appropriations committees, as well as the Bureau of the Budget, to give exhaustive examination and reevaluation to appropriations and authorizations enacted in prior years in response to long-term estimates as they existed at that time. This annual review would provide a basis for readjustment to meet changing requirements. With limitations on expenditures from all available appropriations and authorizations, in a single appropriation bill, we could draw a line at the bottom and arrive at a total of expenditures which would be comparable to estimated revenue.

In addition to this type of single appropriation bill procedure with

expenditure control technique, which standing legislative committee congress should establish immediately a subcommittee charged with immediate and continuing review of all statutes under its jurisdiction requiring long-term commitments. The purpose of these subcommittees would be to recommend modification, amendment, or repeal of statutes for economy and efficiency in view of changing conditions and needs.

In view of the estimated deficits it is probable that legislation soon will be required to increase the federal debt limit. If that proposal is made I shall insist that the ceiling be raised only in small stages, and that every request for ceiling raising legislation be made subject to exhaustive examination of the entire fiscal situation, in order that the debt and its attendant evils may be kept under the greatest degree of control possible.

Spending Spree

A strong and determined President, acting vigorously on the conviction that the maintenance of national credit and sound currency is the foundation of democracy, would be helpful in bringing about stability.

For nearly twenty years we have been on a spending spree in this country. Now it seems to me the stage has been reached where we are either going over the brink or turn around. There isn't a great deal of time, one way or the other.

Centralized power and purse breeds a sinister political philosophy which scorns frugality, efficiency and integrity; which attaches no importance to waste, debt or immorality; which advocates indefinitely the political formula of "tax and tax, spend and spend, and elect and elect"; and which has no scruples against using public money to influence political decisions.

This nation is now cursed with waste in public administration to an unprecedented degree and unparalleled extent. It is another product of big government. It permeates the whole governmental structure. Scarcely any agency is free of it.

I am firmly convinced that the venal conditions at Washington are directly attributable to the concentration there of power with the resulting waste which has reached

such astronomical proportions in the last 20 years. I can document this statement completely.

To my mind this venality is in three parts.

One part is that which is illegal and criminal. This is bad enough. But penalties attach and when the culprits are caught they can be tried and convicted.

The second part is worse. It involves those who are able to exploit within the law public trust for private gain.

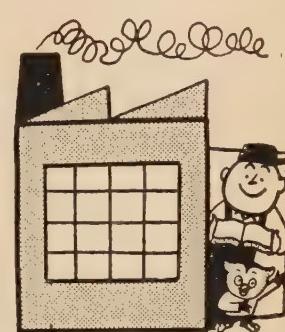
To me every dollar collected in taxes, and every power delegated to a government is indelibly impressed with a public trust.

Those who take the position that venality in public office is proper unless it is illegal are the lowest form of political predators.

The third part of venality in the Washington administration is the worst of all. It is in the form of amorality. This sets in when we are so hardened by all that we observe around us that we are no longer



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able to distinguish the moral from the immoral.

Our free enterprise system is based upon confidence in fiscal soundness. Our system of government by law — not men — is based upon respect for the institutions which administer the law.

Under the conditions as they have developed in twenty years of deficit spending, there is no wonder that we have been experiencing a dangerous trend toward socialism which is described in some quarters as the "welfare state."

The President has said it is an insult to the intelligence of the American people to say this country is on the road to socialism.

I submit he has proposed the socialization of agriculture under the Brannan plan, the socialization of medicine under the Ewing plan, and the socialization of housing under federal programs. These three proposals alone would mean the socialization of your health, your food, and the roof over your head.

Constantly increasing the number of those on the public payroll, either directly or through government payment programs, effectively promotes socialism. A population of government dependents is a socialized population.

Among the cardinal characteristics of socialism are government subsidies with controls, and government

regimentation with dole. I am against this.

The American system, operating in the fullest freedom of democracy, stimulates individual initiative to the development and production of more of what we need, in peace or war, at a cost we can more easily afford from the earnings of our endeavor. I am for that.

The free enterprise system, in the relatively short span of 160 years, has brought us from the impotence of 13 un-united colonies to our present position of world leadership. We do not concede that it should be scrapped for socialism in welfare state clothing which never brought greatness, happiness or security to any nation.

Incentives Lost?

The American system has developed individual freedoms under constitutional democracy to the fullest measure ever known to man. It is the system which is always ready to supply the vital spark needed by the deserving to expand mediocrity into genius. It is the system which supplies the incentive to every American to start at the bottom and rise to the top.

Our free enterprise system is the greatest deterrent in the world to Russian aggression. It is this system which is our first line of defense. Our armies, navies and air forces are merely the tools through which the strength of this system is applied in war.

With our eyes wide open, will we yield to the ever-increasing socialization of those freedoms and institutions which are vital to our democratic free enterprise?

The thing that is most inflated in America today is the federal government. Big government costs big money. Inflation is conceived and born in Washington. Only the federal government can spend in unlimited amounts. It alone determines the value of money and the extent of credit, because it alone is legally empowered to do so. A federal bond is a first mortgage on all the property owned by every American citizen.

Today we have conditions confronting us such as we have never before experienced. We are faced



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(Continued on page 38)

transportation and Traffic



THE new railroad uniform freight classification and class rates became effective May 30. The Interstate Commerce Commission, in a report released May 23, refused to pend the new class rate tariffs issued pursuant to Docket No. 28300 the new uniform freight classification No. 1 filed in compliance with the order in Docket No. 28310. Approximately 450 petitions for suspension of the new classification rates and rates were filed with the commission. In commenting on its usual to suspend, the commission said: "This does not indicate approval of each and every classification rule or item or particular rate involved, or any of them. The individual members of the Division (division 2 of the commission) may entertain doubts as to different items, but a majority is of the view that with modifications already made, the classification should go to effect. All matters of classification remain open to attack by any interested party in the manner provided by the act, or subject to investigation on our own motion at any time. The class-rate schedules are to be considered as similar to other filed schedules of rates which have been prescribed by the commission. If they are deemed to be in any respect in violation of the act, they are subject to the remedies the law affords in such cases, and should be attacked in the manner provided by section 13 of the Act." The commission also voted not to suspend tariffs published by the Western, Southern and Illinois Freight Association railroads canceling exception ratings on less carload and any-quantity traffic. The cancellation became effective May 30, simultaneously with the effective date of the new Uniform Freight Classification and Docket No. 28300 class rates.

• **Publish \$1.50 Surcharge on Truck Shipments to South:** A surcharge of \$1.50 on all shipments under 5,000 pounds moving between central territory, on the one hand, and southern territory, on the other, has been published in tariffs of the Central and Southern Motor Freight Tariff Association to become effective July 7, 1952. The tariffs will establish charges on shipments of less than 5,000 pounds based on the applicable rate for the actual weight (but not less than 100 pounds) plus \$1.50. A similar charge became effective May 6, 1952, on motor carrier shipments in central territory. A number of petitions have since been filed with the Interstate Commerce Commission requesting an investigation into the lawfulness of the \$1.50 surcharge in central territory. In a notice issued recently the commission said: "Numerous shippers and shipper organizations have filed formal petitions asking that the commission institute an investigation into the lawfulness of the new minimum charge rule. After replies to these petitions have been filed, they will be considered and acted on by the commission. In the event that they should be denied, any interested person would have the right to file a formal complaint in the manner and form prescribed in the commission's general rules of practice."

• **Railroads Reestablish Sixth Morning Service to West Coast:** The railroads have announced the reestablishment of sixth morning freight service from Chicago to the Pacific coast. Sixth day service was in effect prior to World War II, but, because of a tremendous increase in the volume of traffic, was raised to seventh day on November 20, 1941, and to eighth day on November 1, 1942. On March 21, 1946,

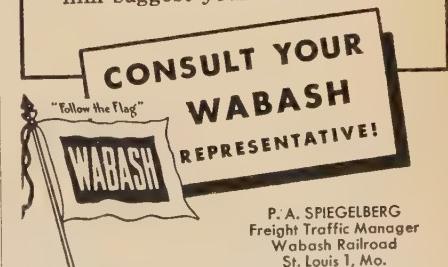


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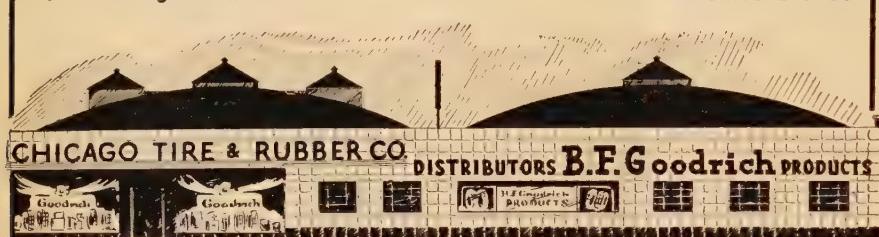
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the railroads reduced the schedule to seventh morning.

• **C. A. C. I. Asks Suspension of Tariff Cancelling Free Pick-up and Delivery:** A petition for suspension of a tariff cancelling the free pick-up and delivery service of the railroads in official territory, has been filed with the Interstate Commerce Commission by The Chicago Association of Commerce and Industry. If the cancellation of the service is permitted to become effective on June 23 as published, specific charges ranging from 10 cents to 35 cents per cwt. will be made for the pick-up and delivery service performed in official territory. The 10 cents per cwt. charge will be suspended when pick-up or delivery is afforded at points in the Chicago Switching District. The C.A.C.I. petition pointed out, among other things, that the cancellation of the service if permitted to become effective, would result in many instances where the charges on shipments from Chicago into official territory would be considerably higher than would be applicable for considerably longer hauls from points north and west of Chicago.

• **Senator Johnson Introduces Resolution to Investigate I.C.C.**: Senator Johnson of Colorado, proposes an investigation of the Interstate Commerce Commission—"for the purpose of determining what changes should be made in order to promote maximum efficiency in such organization and operations. The investigation would be made by the Senate Interstate and Foreign Commerce Committee, or an duly authorized subcommittee, and an appropriation of not to exceed \$100,000 would be provided for the purpose.

Lost: Control of Purse

(Continued from page 36)

with the threat of war, and this may continue for many, many years. All the world is looking to us for leadership, and money—more especially the latter.

There has never been a time when we should exercise greater wisdom in mapping our course. We should tighten our belts for the

hard pull ahead. Until world nations change it would be tragic if we did not maintain an adequate military power. We must keep ahead of Russia in military invention and scientific progress. This I believe we are doing. Our air force is overwhelming as compared with Russia. We must continue to control the seas. Our army must be adequate.

All of this I feel confident we can put only if we require more efficiency and less waste and the complete elimination of nonessential spending.

We must likewise do our share to help our allies who are menaced as we are. Common prudence should compel us to husband our resources to meet whatever contingency the future may bring forth.

Freedom Needs Fighters!

do not concede that either democracy or free enterprise, or any other American freedom has run the course of its usefulness in the world. They have been worth fighting for in the past against both economic and military challenge, and I do not concede that they were any weaker to those who fought and died before than they are to us today. The battle lines are drawn. The forces of freedom in America need recruits.

We must demand that shortly after war our federal budget be balanced. We must not ask for "pet" federal appropriations but demand at the President and the Congress to keep the federal spending within the ability of the people to pay. Let all recognize that we can not pyramid deficit after deficit on an existing federal debt of \$260 billion and survive as a democracy.

Once the American dollar goes down, we will enter an age of international darkness. It is the only currency that everybody, everywhere in the world, has confidence in.

We have never before experienced such responsibilities as have been thrust upon us now. We must restore fiscal responsibility. We must restrain centralized power. We must recapture public integrity. These things we must do to protect ourselves from ourselves. Unless we do these things we cannot hope for strength to protect ourselves, much

less half the world, from Communism aggression.

The essence of freedom, under our American democracy, lies in our system of checks and balances. Within the Federal Government, checks and balances are provided through a three-branch system—the Executive, the Legislative and the Judicial.

Beyond this, still other checks and balances are provided in our system of state and local governments, which lie closest to individual citizens from whom all governmental power and authority is derived. Our democracy has been given vitality by our system of competitive free enterprise, which, to this point, has made us, through individual initiative, the greatest nation on earth. I stand for this system, with the absolute minimum of governmental shackles. Our four foundation stones are freedom of religion, freedom of speech, freedom of the press, and last but not least, freedom of opportunity to the individual under the competitive enterprise system.

Along with all of this, today it is paramount that we should not forget for one moment that without American solvency there would be no deterrent to Communism abroad. In the existing circumstances it is no exaggeration to say that there is literally nothing on earth more important than the preservation of the fiscal and moral integrity of the Federal Government of the United States of America, and the freedoms upon which our Republic was founded.

Trends In Finance and Business

(Continued from page 11)

has paid a cash dividend on common stock in every year for 38 to 98 years. The exchange adds that these 52 companies, as of last May 1, had no bonds outstanding, no debentures and no long-term notes, although some had short-term loans. Thirty had no security except common stock in the hands of the public, while 22 had a preferred issue outstanding.

Surprisingly, the exchange notes, few issues in the 52-company group were high-priced stocks. More than 60 per cent closed on May 1 at less than \$50 a share and a dozen were quoted at less than \$30 each.



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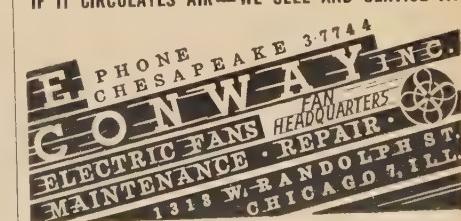
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New Products

Handy Refractometer

A high-speed industrial refractometer designed for production line use in the food, dairy products, pharmaceutical, petroleum and plastics industries has been developed by Bausch and Lomb Optical Company, Rochester, N.Y. The new instrument is said to be the world's fastest, accurate to plus or minus .0001 and designed for everyday industrial applications by workers with ordinary training. With no adjustments to be made and no moving parts, most products can be analyzed in 10 to 15 seconds.

Contamination Check

A completely automatic "hand and foot counter" for monitoring beta-gamma contamination on the hands and feet of radiolaboratory technicians has been introduced by Nuclear Instrument and Chemical Corp., 229 W. Erie St., Chicago 10. A worker merely steps onto a built-in platform and places his hands in two paper-lined slots. Five banks of indicators at eye level show measurements of both sides of each hand and of both feet. The monitor, said to be "foolproof," operates on standard 110-115 volt, 60 cycle power supply.

Plastic Door Viewer

Most people are familiar with the type of glass that's a mirror from one side and transparent from the other. Now, an adaptation of the idea has been developed in the form of a shatter-proof, all-plastic door viewer that can be installed quickly to see who is outside without their knowledge. The view is magnified in the small (1 1/4 inch) lens. The door viewer, retailing from under \$5, is distributed by Sales Associates, 11 Hill St., Newark, N.J.

Steel Separator

A new sheet steel separator designed to permit the instant removal of the top sheet of steel from

a stack has been developed by Clark-Hopkins Equipment Co., 1124 Spring Garden St., Philadelphia 23, Pa. The separator lifts each sheet of steel about two inches above the rest of the stack, thus facilitating its feeding into a press. Since it lessens the danger of accidents and double feeding and speeds up work, the company says the separator increases productivity up to 100 per cent.

Lecturers' Helper

An advanced form of blackboard is the new Screen Scriber now being marketed by Burke and James Inc., 321 S. Wabash Ave., Chicago 4. Using Screen Scriber, you simply write or draw on a small strip of black-coated film. Then a 200-watt projection lamp beneath the film shines through the uncoated area casting the image of what you have written upon an arrangement of mirrors and finally onto a screen or wall behind the speaker. The seven-pound, portable unit is designed for salesmen and artists, as well as lecturers.

Gardeners' Helper

The weekend gardener is the prospect for "Rol-A-Rake", a set of 2 1/4-inch molded plastic wheels that attach to a standard garden rake so that it combs out debris without digging out the growth you want left. The manufacturer, Niles Corp., South Bend 17, Ind., sells the wheel sets of 12.

High Speed Tires

Passenger car tires capable of running safely at sustained speeds of more than 100 miles an hour have been developed and are now being tested by the B. F. Goodrich Company, Akron, Ohio. The new tires are low-pressure, cushion-type and are said to avoid the danger of heat at high-speed because the adhesion between tread and carcass has been increased. The tires also have special reinforcement to reduce the degree of tire flexing. Ad-

ording to Goodrich, heat at high speed can cause treads to separate from tire carcasses, which is a frequent cause of failure in conventional, high pressure tires.

or Bleacherites

You can turn a bleacher seat into grandstand seat, says A. G. Busch and Company, by simply carrying along their folding "comfy-bak" seat that hooks to the front of a flat seat and provides a heavy duty canvas back rest. The folding seat has steel supports and can be used in row boats, on picnic benches and the like. The manufacturer is at 632 N. Central Ave., Chicago 39.

Here, There and Everywhere

(Continued from page 8)

f small crystal specimens, the new micromanipulator is believed to offer many advantages in operations not requiring the more elaborate conventional handling equipment.

Housing Review — The decade from 1940 to 1950 was one of the biggest in the history of U. S. home-building, according to the United States Savings and Loan League, which adds that the number of privately-owned homes increased by well over eight million during the 10-year period. "Despite the increased clamor for government aid in housing in general and for subsidized housing in particular," the league declares, home-ownership during the decade increased by 54 per cent.

Better Dip — General Motors Research Laboratories have developed a new dipping process for coating steel and other ferrous metals with aluminum. Called "Aldip," the process, according to GM, may, as a corrosion or rust resistant coating for ferrous metals, replace zinc coated metals in some applications.

Production Pools

(Continued from page 19) pool's productivity and the contract offering, and the other demanding that the pool hire technical personnel on a permanent basis. It was, he declared, "extremely doubtful" whether such requirements were necessary to protect the public, as Justice claimed, "from powerful

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monopolies operating in restraint of trade."

The slowness of procurement officers to accept the pool system is illustrated in a letter received by Omaha Industries from a deputy chief of the Army's St. Louis ordnance district. Omaha Industries, one of the most successful World War II pools, produced more than \$8,000,000 in war goods and received the Army-Navy "E" award, but it has yet to receive a prime contract this time.

The ordnance district officer wrote to acknowledge that a Washington order had exempted Omaha Industries, as a production pool, from the requirement that it must be a "manufacturer" or "regular dealer" in the supplies bid on. But he immediately raised another road-block. "It is suggested," he wrote, "that henceforth when your defense production pool submits a bid to this office it be accompanied by explicit statements as to which members of the pool will do the work under the contract, financial statements of the members doing the work, explicit information as to the engineering ability of those members, copies of written contracts between the members and Omaha Industries providing that in the event Omaha Industries is awarded a contract, the member will perform that portion of the work expressly set out in the contract, cost breakdowns from each of the members intending to work on the contract, cost breakdowns of Omaha Industries (the non-profit corporation) showing cost breakdown of any charges made or to be made by it over and above the cost shown by the constituent members, and any other pertinent information. . . ."

Omaha's Experience

The procurement officer simply was not willing to let the pool save the government the detailed paper work and study it had done in the last war. Replied C. L. Kirkland, the pool manager:

"While we appreciate that your district is responsible for proper consideration of all factors (involved in the letting of government contracts) . . . the fact remains that certified production pools have been cleared for operation by other agencies of the government. Omaha In-

dustries, Inc., is not a new or unproven facility. It is the same pool, with the same directors, the same management, but with more affiliates, that functioned so well during World War II . . .

"Your request cannot be complied with as it is not the basis of operation of a successful contract pool . . .

What can be done about such bottlenecks? The Senate committee believes the answer lies in the reform of administrative procedure rather than in additional legislation.

First, it wants all authority and responsibility for production pools placed under one agency, the Small Defense Plants Administration. Heretofore SDPA has divided responsibility with DPA and NPA's office of small business.

Seek Simplification

Second, it wants government procedures simplified and centralized with one office handling all of the transactions between the government and the pool manager. Joint meetings with the Justice Department and FTC on the legal problems could speed up clearance, especially if there is clearer definition of each agency's particular role in granting approval.

Third, it wants each procuring agency to send out directives to field officials instructing them to give production pools fair and equal treatment with other prime contractors.

The Senate committee's inquiry indicates that one more thing must be done before small business pools become a factor in defense production. Pools face a handicap in competing with single firms because their administrative expenses make it extremely difficult for them to make their bid prices low. This is an added reason—though by no means the controlling one—why their showing has been so poor in contract procurement. One pool which bid on 14 jobs totalling \$947,000 got one contract involving \$8,500! Another, in 30 different tries, landed in the lowest 10 percent of the bidders each time but got only one contract, for \$7,400.

The solution is probably a price differential for small business pools. In an attempt to provide some latitude in awarding contracts to others than the lowest bidder, the Com-



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troller General ruled a year ago that a maximum of 15 per cent was allowable in certain cases. The Defense Department has made limited use of this provision to spread out its production base among small firms.

Some pools, however, think the answer may lie in the revival of a cost-plus-fixed-fee contract system similar to that used by the Navy's Bureau of Ships in World War II. As one pool manager pointed out to the committee, pool members who undertake to manufacture products entirely new to them have no cost figures on which to base their bids; therefore they tend to set prices high in self protection and thus lose the bid. If they had the assurance of a cost-plus-fixed-fee contract based on a predetermined overhead and reasonable margin of profit, it is reasonable to assume that they could produce successfully and efficiently.

In any event, some price differential system will be required to make production pools an effective part of defense mobilization. If it is national policy not to leave the small manufacturer out in the cold,

this is the necessary cost of achieving it.

The Senate committee's intent in the subject, however, has been to have some effect on the situation. One result is a new directive from the Defense Department to procurement officers sharpening up its instructions that they must give production pools more consideration. Another is the revival of interest in some small company bids which have been neglected so far. This month, a pool of 22 small manufacturing firms in Illinois was issued a certificate of competency by the small defense plants administration to clear the way for the awarding of a \$3,000,000 army ordnance contract for the manufacture of cartridge storage cases. The pool, known as Peoria Manufacturers, Inc., was certified as capable of producing the required war material and also having sufficient financial back-up to fulfill the contract.

This pool contract, which should now be approved shortly, may mark the beginning of an upward trend in the activities of small manufacturers seeking war business on a cooperative basis.

Sad Plight of the Small Shipper

(Continued from page 17)

were drastically reduced when moving between first class post offices. On parcels shipped to points in the local, first and second parcel post zones, the maximum weight was cut from 70 to 40 pounds. On parcels shipped to points in zones three to eight, the weight limit was cut from 70 to 20 pounds. To all zones the size limit was reduced from 100 to 72 united inches. The effect of these reductions is to require shippers to use some other form of transportation or break their shipments into small packages — of course, at increased costs.

For example, to Omaha, Neb., in Zone 4, shipments from Chicago are limited to a maximum weight of 20 pounds. If a 70 pound parcel post shipment is to be made to Omaha, the shipper must break it into four packages, three weighing 20 pounds each and the other weighing 10 pounds! The charges for the four separate shipments would be \$3.92, against \$3.47 when the entire shipment could move in

one package. Plus, of course, additional cartons and packing expenses. If the character of the shipment is such that it could not be broken up into smaller units then it will be necessary to ship via some other form of transportation.

Now if you ship to a farmer outside of Omaha, you're better off for the size and weight limits are not applicable on shipments from, to or between second-, third and fourth class post offices on parcels moving from any points located on rural routes. Thus, if your farmer located on a rural route outside of Omaha, Neb., he can still count to receive a 70 pound shipment at a cost of \$3.47.

The table also reflects the changes in charges of the Rail Express Agency*. Since 1940 the ICC has allowed the Rail-

*Note that on express shipment per package insurance up to \$50.00 is included in the charge, whereas insurance must be paid for when via parcel post.

ess Agency to increase rates and charges several times. The lowest increase, 35 per cent, has occurred on a shipment weighing 100 pounds to San Francisco, Calif. The maximum increase has been in the minimum charge of \$1.56 on shipments weighing only one pound. To all points shown on the table except San Francisco, the increase amounts to 346 per cent!

Rail Increases

A better illustration of the effect of express increases, however, is a one-pound shipment. To South Bend, the increase is 246 per cent, to New York 147 per cent and to San Francisco 69 per cent.

Then there are the increases in railroad rates and charges, ranging from 59 per cent to Birmingham to 290 per cent to South Bend on shipments weighing 100 pounds and less. On fourth class traffic, not shown on the table, the increases range from a low of 92 per cent to San Francisco, to 318 per cent to South Bend on shipments of 100 pounds and less. The impact of the increases in railroad charges on short haul, lower rated traffic is clear.

Now there may be more trouble immediately ahead for the small shipper. A proposal of eastern territory railroads to cancel free pick-up and delivery service on June 23, 1952, was suspended, pending an investigation by the ICC. Hearings into the matter will begin in Chicago on September 8. If ultimately approved, the proposed charge for pick-up and delivery service at Chicago, for example, would be 35 cents per 100 pounds. At other points the charges would vary depending upon the size of the community. At Cleveland it would be 24 cents, at New York 32 cents, at Indianapolis 20 cents and at South Bend 18 cents. The minimum charge in smaller communities would be 10 cents. Thus, on a shipment from Chicago to Cleveland rail rates would be increased 59 cents per 100 pounds if pick-up and delivery service is performed. The minimum charge per shipment would also be further increased from the present \$2.30 to \$2.89. On a shipment weighing 200 pounds the increase amounts to 41.3 per cent.

Finally, there are the changes in charges of motor carriers, ranging from only four per cent on fourth class shipments to San Francisco, to 207 per cent on fourth class shipments to Omaha (neither shown on table). To Omaha the charges include a fixed charge of 50 cents per shipment recently approved by carriers in western territory. To South Bend and St. Louis, the charges include the \$1.50 per shipment surcharge effective May 6 in central freight association territory.

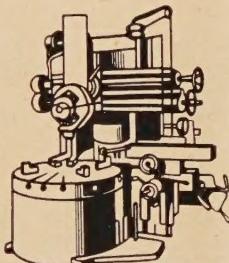
Carriers operating between central territory, which includes Chicago, and eastern territory, which includes New York, have recently rejected a proposal to add a \$1.50 surcharge per shipment. They have, however, recommended an increase of six per cent in all rates, plus an additional increase of 10 cents per

100 pounds on all shipments weighing less than 2,000 pounds. Since traffic between Chicago and points in the territory east of Buffalo and Pittsburgh may be properly termed long-haul traffic, the recommended increase of six per cent plus the 10 cents on shipments weighing less than 2,000 pounds will be greater on larger shipments than the charges resulting from the application of a surcharge of \$1.50 per shipment.

Motor carriers operating between Chicago and points in southern territory, that is south of the Ohio and east of the Mississippi, have approved a surcharge of \$1.50 per shipment, scheduled to become effective July 7. This proposed charge is not reflected in the Birmingham rates.

There has been considerable controversy regarding the reasonable-

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ness of the \$1.50 surcharge published by carriers in central territory. In considering the effect of these charges it is well to bear in mind that the carrier performing the most valuable service is the one that serves all points, large and small, and accepts all shipments, large or small. Increases in operating costs have affected these carriers more because of the large number of small, short-haul shipments they must handle. A percentage rate increase has not given these carriers corresponding increases in net revenue.

No Simple Remedy

It takes no transportation expert to recognize the tremendous increase in costs borne by the small shipper. Yet indications are that charges on small shipments may go even higher. There is little possibility of securing any substantial reduction in charges on this type of shipment under present conditions. There is no simple remedy but which reduced costs can be brought about, but here are some suggestions which merit careful study.

1. Of greatest importance, insofar as rail shipments are concerned, service must be improved.

2. To obtain the quickest relief from high charges, small shippers must increase the size of their shipments through the consolidation of packages and by combining shipments with other shippers to obtain the benefit of quantity rates.

3. Carriers should revise the rate structure to encourage such consolidation by providing reduced incentive rates on volume shipments.

4. Carriers should recognize the economy in the handling of palletized shipments and provide rates which will encourage shippers to use this method. Unless the shipper is given an incentive, he cannot be expected to incur the added cost for palletizing or consolidating.

5. More effort must be directed to the use of through overhead cars for handling of merchandise. Such cars reduce the costs of transportation by avoiding transfers enroute and reducing claims for loss and damage.

6. The rate structure should be revised by eliminating detailed classification requirements and differences in rates not justified by differences in cost. The time re-

quired for rating, classifying, billing, recording and collecting charges under the complex system in effect today places a heavy burden on small, low-value shipments. While it is too much to expect that the simple method used by the post office department on parcel post shipments can be applied by the express agency, the railroads or the motor carriers, it does provide a guide which may lead to some change in our present cumbersome system.

7. The Railway Express Agency should be utilized for the handling of small shipments. Eventually a large part of all less-carload traffic could be handled by the express agency. Because of the heavy terminal costs of the railroads, it would appear logical to turn over shipments of less than 500 pounds to the express agency for handling. It could provide the same kind of consolidated and coordinated service now being furnished on long haul traffic by the freight forwarder.

8. Motor carriers should simplify their tariffs and revise their rate structure by eliminating rates for joint line services higher than for single line services; by eliminating all so-called bottom or minimum rates and by discontinuing the practice of making rates for less-truckload traffic a flat arbitrary over the rates on quantity shipments.

9. Freight forwarders should be required to accept all types of commodities for all points at rates which reflect the same general classification and rate pattern as that used by the underlying carriers. The use of minimum rates to discourage the movement of traffic to small communities should be discontinued.

To bring about these changes requires a basic change in the present method, but certainly a major operation is necessary.

Whatever changes are made by the carriers and by the shippers will be through a long range program and not of immediate effect upon the industry or the carrier. Traffic managers of industry and representatives of the carriers of all types are faced with problems which will be difficult to solve, but which must be solved if we are to maintain an adequate and efficient transportation system privately owned and operated.

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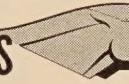
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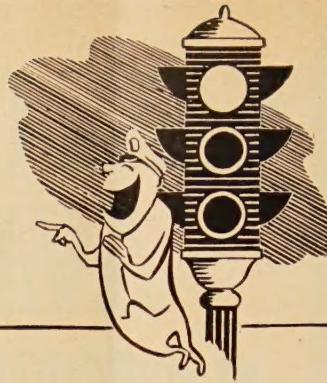
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A certain Moscow comrade stood in so well with the party that he was granted a permit allowing him to buy a railroad ticket without having to stand in line. One day he went to the station and presented his precious permit.

"Get in that line over there," he was told.

"But," protested the privileged one, "this permit allows me to buy a ticket without standing in line!"

"I know that, comrade," rejoined the station agent, "and that is the line for people who don't have to stand in line to buy tickets."

Back in the hill country two neighbors were arguing over the death of a cow. It seems the cow had strayed into the still belonging to one of them and had subsequently died after drinking a considerable amount of moonshine.

"It waarn't my likker what killed your cow — she come home to you giving egg nog and you milked her to death."

Motorist: "I ran over your cat and want to replace him."

Housewife: "Well, get busy. There's a mouse in the pantry."

The five-year-old daughter in the minister's family had been, as she thought, unjustly disciplined. When at last it came bedtime she knelt as usual for prayer at her mother's knee. Earnestly she prayed:

"O Lord, please make all the bad people good; and, Lord, if it's possible, please make all the good people nice."

At a village store in the Blue Ridge country the old proprietor was trying to sell a wastebasket to a hillbilly. Sales resistance was in the set of the bearded man's chin. "How come I need a basket? It'll need emptyin' ever' month or so."

"Not this one," said the proprietor. "Ain't got no bottom to it. Just move it a jot."

During preliminary inspection at a Boy Scout camp, the director found an umbrella in the bedroll of a tiny scouter. Since the umbrella was obviously not one of the items of equipment listed, the director asked the lad to explain. The ten-dearfoot neatly countered with his question:

"Sir, did you ever have a mother?"

An executive in New York had occasion to write to a Chinese friend in San Francisco. Mindful of the Oriental's appreciation of flowery language, and of his own duty to the cause of good public relations, he ended his letter with the wish: "May Heaven preserve you always."

To the delight of the executive's office staff, the Chinese responded with: "May Heaven pickle you, too."

While his birthday party was being planned, little Donald was asked for a list of friends he would like to invite the party.

"I want Aunty Mills, Grandpa Smith, Uncle Dick, and Grandma Jones, and —

"But wait a minute, Donald. Every one of those you have mentioned is an older person," said mother.

"Well," replied Donald, "They're the only ones who ever seem to have any money."

A young man called at the minister's office. "I just came to ask you," he said, "whether you think it's right for any person to profit by the mistakes of others."

"Most certainly not," replied the minister.

Then the young man held out his hand and said, "Perhaps you'll return the \$5.00 I gave you last June for marrying me."

Judge: "Ten dollars fine for fighting with your wife."

Defendant: "Will there be an amusement tax on that, Judge?"

"I was so cold last night I couldn't sleep. I just lay there and shivered."

"Did your teeth chatter?"

"I don't know — we don't sleep together."

